

SPECIAL COMMITTEE REPORT

Spec. Com. Rep. No. 1

Your Committee on Credentials begs leave to report that it has examined the Certificates of Election of the Senate of the Fourteenth Legislature of the State of Hawaii, Regular Session of 1987, and finds that the following persons have been legally elected and are fully qualified to sit as members of the Senate.

The newly elected Senators whose respective terms of office will expire on November 8, 1990 are:

Third Senatorial District

Malama Solomon

Fifth Senatorial District

Rick Reed

Sixth Senatorial District

Ron Menor

Seventh Senatorial District

Gerald T. Hagino

Thirteenth Senatorial District

Bertrand Kobayashi

Sixteenth Senatorial District

Russell Blair

Seventeenth Senatorial District

Anthony K.U. Chang

Nineteenth Senatorial District

Dennis M. Nakasato

Twenty-Second Senatorial District

Joseph T. Kuroda

Twenty-Fourth Senatorial District

James Aki

Twenty-Fifth Senatorial District

Lehua Fernandes Salling

Your Committee on Credentials begs further leave to report that it has examined the Letters of Appointment of the Honorable Donna R. Ikeda and the Honorable Jimmy Wong and finds that they are qualified to fill the respective vacancies in the Senate created by the resignations of Senators W. Buddy Soares and Charles T. Toguchi for the Fourteenth Legislature of the State of Hawaii, Regular Session of 1987.

Signed by Senators Young, Hagino and George.

CONFERENCE COMMITTEE REPORTS

Conf. Com. Rep. No. 1 on S.B. No. 735

The purpose of this bill is to appropriate \$300,000 for the support of the 1990 America's Cup yacht race in Hawaiian waters. The appropriation can only be utilized for the preparation of an environmental impact statement and necessary planning, analysis, and promotion activities.

The Governor, pursuant to Article VII, section 9, of the State Constitution, has recommended immediate passage of this bill.

Section 1 of the bill enumerates the benefits which the State may derive if the America's Cup yacht race is held in Hawaii and the necessity for expeditious action. Your Committee agrees with the statements.

The bill has been amended to include at the end of section 1 a finding that the bill is recommended for immediate passage by the Governor. Inclusion of the finding in a bill is customary when the Governor makes such a recommendation. The bill also has been amended to specify that the appropriation is made for the fiscal period 1986-1988. Your Committee finds that this amendment authorizes the expenditure of the appropriation during this fiscal year as well as the fiscal year 1987-1988. The bill has been further amended to insert a sentence in section 2 to require the environmental impact statement or environmental assessment to address the impacts on various sites from the berthing facilities.

Your Committee has amended this bill to require that prior to the adoption of any final plans for the development of the necessary facilities required to host the America's Cup, the department of planning and economic development shall receive community input with regards to such plans via public hearings.

It is the intent of your Committee that, in addition to receiving community scrutiny via public hearings as an aid to further assessing any possible social implication, any environmental impact statement or environmental assessment required include a survey of organizations, businesses, and residents located in close proximity to or that may be directly or indirectly affected by the development of any proposed facilities required to host the America's Cup.

In addition, other technical, nonsubstantive amendments have been made.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 735, 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. 735, S.D. 2, H.D. 2, C.D. 1.

Senators Yamasaki, Holt and A. Kobayashi
Managers on the part of the Senate

Representatives Cachola, Souki, Horita, Oshiro and Marumoto
Managers on the part of the House

Conf. Com. Rep. No. 2 on H.B. No. 464

The purpose of this bill is to provide a statewide program to control smoking in places frequented regularly by the general public. This bill will prohibit smoking in areas such as health care facilities, some restaurants, banks and similar institutions and other locations open to the public.

It is the ultimate purpose of this Act to protect the public health, comfort, and environment of our State by providing a unified statewide code to regulate smoking in public places.

It is estimated that seventy-five per cent of the population of Hawaii does not smoke. There is also growing evidence as to the harmful effects of being exposed to sidestream smoke from others. Your Committee feels that individuals statewide should have equal protection from the "second-hand" smoke of others, similar to ordinances in effect in two counties.

Your Committee has amended the bill as follows:

1. Amend the definition of "restaurant" to exempt those with a seating capacity of fifty or fewer persons (pg. 2, line 13).
2. Amend the definition of "small business" to those not having more than five employees

(pg. 3, line 6).

3. Amend the regulation of smoking in taxicabs to when carrying non-smoking passengers (pg. 6, line 7).

4. Delete reference to federal property.

5. Add a section 3: "Nothing shall prohibit a county from enacting ordinances more stringent than the provisions of this Act".

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 464, 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. 464, H.D. 1, S.D. 1, C.D. 1.

Senators B. Kobayashi, Solomon and George
Managers on the part of the Senate

Representatives Shon, Metcalf, Leong, Tom and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 3 on H.B. No. 1025

The purpose of this bill is to revise the current health planning law in Hawaii and reenforce and refocus the role of the State Health Planning and Development Agency (SHPDA) in the health planning process. This bill will remove those parts of the law which are no longer appropriate or pertinent since the repeal of the federal health planning legislation. Primarily, the bill will also reform the Certificate of Need (CON) process by raising the thresholds, exempting some providers currently covered, and allowing administrative action on many proposals which now must go through full review process.

This bill will further improve the State health planning regulation by the following:

1) Authorize SHPDA to request information form health insurance companies to increase data gathering, analysis and reporting on health insurance accessibility, availability and quality;

2) Add to SHPDA's agenda the responsibility to look at emerging health issues such as medical ethics, health care rationing, health care for the indigent, involuntary care, and standards for research and development in the areas of biotechnology and genetic engineering;

3) Provide that the subarea councils, the review panel and the statewide council may, at their discretion, choose to waive their respective prerogatives of CON review applications and provide that the statewide council and the review panel may hear CON information jointly;

4) Provide for a reconsideration panel for CON's to be made up of the administrator of the agency, the chairpersons of the statewide council, the appropriate subarea councils, the review panel, and the plan development committee; and

5) Deleting the CON requirement for dental clinics and other facilities services which SHPDA chooses to exempt by rule.

Your Committee has amended the bill to establish the thresholds for CON requirement:

- a. \$4,000,000 for capital expenditures;
- b. \$1,000,000 for new or replacement medical equipment;
- c. \$400,000 for used medical equipment.

In addition, your Committee has further amended the bill to clarify the provisions for:

- a. Administrative review of certain applications for certificate of need (pg. 2, lines 10-15); and
- b. Disqualification from position or membership (pg. 16, lines 10-14).

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1025, 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. 1025, H.D. 1, S.D. 1, C.D. 1.

Senators B. Kobayashi, McMurdo and George
Managers on the part of the Senate

Representatives Shon, Arakaki, Hagino, Leong and Ribellia

Managers on the part of the House

Conf. Com. Rep. No. 4 on H.B. No. 889

The purpose of this bill is to allow the Department of Health to release confidential medical or epidemiological information on sexually transmitted diseases to appropriate specific agencies for the control and treatment of sexually transmitted diseases as specified by administrative rule.

Your Committee finds that all information relating to sexually transmitted diseases should be held in strict confidence and not be subject to subpoena. However, your Committee also finds that under certain circumstances, release of confidential information may be needed to protect the safety and health of the community. This bill will allow the Department to release information to blood banks, plasma centers, donor and tissue banks, schools and day care centers under circumstances specified by administrative rules adopted to ensure that strict confidentiality is maintained.

Under this bill there is also a provision that no person will have to consent to the release of information protected under this measure in order to obtain or maintain housing, employment or education. Originally this provision also included insurance. Your Committee finds that other legislation will cover the insurance issue and this bill has been amended accordingly, by deleting the reference to insurance.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 889, 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. 889, H.D. 2, S.D. 1, C.D. 1.

Senators B. Kobayashi, McMurdo and George
Managers on the part of the Senate

Representatives Shon, Metcalf, Hagino, Leong and Ribellia
Managers on the part of the House

Conf. Com. Rep. No. 5 on S.B. No. 1748

The purpose of this bill is to increase the fees and charges for vessel registration under the boating law.

Vessel registration fees and charges have not been raised since 1977. The Department of Transportation, which is responsible for the vessel registration program, has indicated that revenues collected under the present fee structure are not adequate to cover the cost of administering the program. Your Committee finds that this bill is necessary to better achieve the user financed philosophy of the vessel registration program.

The bill has been amended to establish the initial registration fee for vessels of less than twenty feet in length at \$13 and the initial registration fee for vessels of twenty feet or more in length at \$25.

Your Committee feels that the fees and charges in the bill, as amended, will produce revenues sufficient to finance the cost of the vessel registration program while avoiding any unnecessarily harsh impact on owners of smaller vessels.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1748, 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. 1748, S.D. 1, H.D. 1, C.D. 1.

Senators Yamasaki, Fernandes Salling, Holt and George
Managers on the part of the Senate

Representatives Oshiro, Souki, Ihara Jr., Tungpalan and Marumoto
Managers on the part of the House

Conf. Com. Rep. No. 6 on S.B. No. 469

The purpose of this bill is to require sellers of computers to provide a written disclosure, in eight point type-size, to purchasers of any removal or replacement of computer parts or components from the computer as received from the manufacturer.

It has been the practice of certain computer retailers to remove or replace computer parts from computers manufactured by well-known computer manufacturers to improve computer

performance. However, this practice has also led to computer parts being replaced with parts of inferior quality, which may result in a decrease in computer performance, incompatibility among computer parts, and even computer failure. A written disclosure of the removal or replacement of computer parts will provide consumers better information as to the quality of the computers they purchase.

Your Committee has made a technical amendment by deleting reference to subsection "(a)" on page 1, line 5 to conform to recommended drafting style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 469, 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. 469, S.D. 1, H.D. 1, C.D. 1.

Senators Cobb, Chang, Matsuura and A. Kobayashi
Managers on the part of the Senate

Representatives Hirono, Cachola, Hiraki, Yoshimura and Jones
Managers on the part of the House

Conf. Com. Rep. No. 7 on S.B. No. 1446

The purpose of this bill is to enable advocates of the rights of mentally ill persons to have access to medical records of mentally ill clients in order to come into compliance with the Protection and Advocacy for Mentally Ill Individuals Act of 1986, Public Law 99-319.

Your Committee finds that Public Law 99-319 is intended to ensure that the rights of mentally ill people are protected. Your Committee also finds that Public Law 99-319 designates the developmental disabilities protection and advocacy system of each state which, in the case of Hawaii, is the Protection and Advocacy Agency of Hawaii, as the designated agency to carry out the provisions of the Act. In order to do so, the Agency has to have access to client records, subject to strict conditions of confidentiality, which would be provided by this measure.

Your Committee has amended the bill by clarifying that "facilities" includes boarding homes and care homes, so that authorized persons may have access to the records of mentally ill persons who receive care or treatment at such places.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1446, 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. 1446, S.D. 1, H.D. 1, C.D. 1.

Senators B. Kobayashi, McMurdo and George
Managers on the part of the Senate

Representatives Metcalf, Cachola, Hiraki, Takamine and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 8 on H.B. No. 741

The purpose of this bill is to provide for the safety of school children by amending Section 291C-95, Hawaii Revised Statutes, to require each school bus driver to activate the flashing red lights of the school bus when child passengers embark and disembark.

Your Committee has amended the purpose section of the bill to specify that motor vehicles in the immediate vicinity of a school bus which has its flashing red lights activated must come to a complete stop in order to minimize traffic hazards to the child passengers.

In addition, your Committee has amended Section 2 of the bill to include an amendment to Section 291C-95(a), Hawaii Revised Statutes, which would clarify that the statutory stopping requirement is applicable only to motor vehicles in the lanes occupied by and immediately adjacent to the school bus, regardless of the direction of traffic in the adjacent lane.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 741, 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. 741, H.D. 1, S.D. 1, C.D. 1.

Senators Fernandes Salling, Kuroda and Reed
Managers on the part of the Senate

Representatives Oshiro, Bellinger, Crozier, Horita and Jones

Managers on the part of the House

Conf. Com. Rep. No. 9 on S.B. No. 1765

The purpose of this bill is to authorize the transfer of park lands between the State and counties. A transfer of park lands may include the transfer of related improvements, personnel, equipment, and functions.

Under the current division of jurisdiction over parks, the State manages and operates larger parks with natural resource value for passive recreational use while the counties manage and operate smaller, active recreational parks. This bill gives the State more flexibility in achieving a park system consistent with its jurisdictional philosophy.

Both the Department of Land and Natural Resources and the Department of Parks and Recreation of the City and County of Honolulu have testified in support of the intent of this measure.

Both Houses fully support the intent of this bill. The disagreement between the Houses, however, results from differences in the language of the respective drafts. Your Committee has reached a solution which eliminates ambiguity or potential misinterpretation. Under this bill, as amended, section 184-3, Hawaii Revised Statutes, is amended by adding new paragraphs (9) and (10). Paragraph (9) authorizes the Department of Land and Natural Resources to accept from a county, park lands which may include related improvements, personnel, equipment, and functions. Paragraph (10) authorizes the Department of Land and Natural Resources to transfer to a county, park lands which may include related improvements, personnel, equipment, and functions.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1765, 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. 1765, S.D. 1, H.D. 2, C.D. 1.

Senators Holt, Blair and George
Managers on the part of the Senate

Representatives Levin, Souki, Bunda, Honda and Isbell
Managers on the part of the House

Conf. Com. Rep. No. 10 on H.B. No. 536

The purpose of this bill is to require the Department of Social Services and Housing (DSSH) to enforce payment of restitution orders by incarcerated prisoners by deducting ten per cent of the prisoner's annual earnings, including interest on those moneys earned, and paying that amount once annually to the victim.

Your Committee finds that inmates do not receive any interest on their inmate accounts. Any interest earned on the money goes into a fund which is used to assist inmates generally. The DSSH has no capability to determine the amount of interest attributable to each inmate, and would not be able to enforce a victim restitution order against the interest earned.

Your Committee has therefore amended the bill on page 1, line 9 by deleting the words "including interest on those moneys earned".

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 536, 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. 536, H.D. 1, S.D. 1, C.D. 1.

Senators Menor, J. Wong and Reed
Managers on the part of the Senate

Representatives Hagino, Souki, Arakaki, Tom and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 11 on H.B. No. 681

The purpose of this bill is to exempt licensed community residential health facilities from county zoning provisions controlling group living facilities. This bill is in line with the State's goal of removing disabled individuals from institutions and integrating them into the community.

Your Committee finds that there are some communities which have experienced a

disproportionate number of facilities being established in their area in recent years. These facilities, for the most part, are residential and pose no particular harm. The concerns expressed by such neighborhoods however, should be addressed and efforts should be made to ensure that these residential health facilities are distributed throughout the State to not impact unfairly on one geographical area.

Your Committee also finds that it is in everyone's best interest to foster the development of an equitable distribution plan for these facilities while at the same time not inhibiting those individuals who are not in health related institutions from living in a community setting.

Your Committee has amended the bill to accomplish these objectives in the following ways:

- (1) By defining the facility subject to Section 46-4, Hawaii Revised Statutes, as being "with eight or fewer residents and.." licensed by the State, and adding Intermediate Care Facilities/Mental Retardation-Community (ICF/MR-C) to the exemption list.
- (2) Including the definition of Intermediate Care Facilities/Mental Retardation-Community (ICF/MR-C) in the definitions list.
- (3) By adding a section which requires the Department of Health to develop a plan to address community impact of licensed residential facilities which includes, but is not limited to:
 - a) strategies to distribute these facilities throughout the State in ways which do not impact unfairly on one geographical area;
 - b) case management, monitoring and care plans for all facility residents; and
 - c) mechanisms to resolve problems with communities in which these facilities are or may be located.
- (4) By adding a section which stipulates that the Department of Health shall not approve any new community residential facilities, with eight or fewer residents, after July 1, 1988, which are not in conformance with the plan.

Your Committee on Conference is in accord with the intent and purpose on H.B. No. 681, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 681, S.D. 1, C.D. 1.

Senators B. Kobayashi, Blair, Matsuura and George
Managers on the part of the Senate

Representatives Shon, Arakaki, Hagino, Leong and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 12 on S.B. No. 559

The purpose of this bill is to authorize the Department of Land and Natural Resources (DLNR) to negotiate and enter into long-term residential leases with bona fide farmers who reside on Waimanalo farm lots.

Currently, Waimanalo farm lot residents, many of whom have lived and farmed the lands for two generations, hold revocable permits or lease state lands on a month-to-month tenancy. This situation imposes economic hardship on the residents because farm improvement financing is unavailable with only a 30-day tenure on the property.

This bill would offer the residents, who hold leases or permits for agricultural purposes, an opportunity to negotiate long-term leases, not to exceed thirty-five years, with DLNR for the parcels upon which their farms are presently located. The bill further stipulates that the residents must meet the qualifications of a bona fide farmer as defined in Section 171-68(a)(2) and (3), Hawaii Revised Statutes.

Your Committee notes its intent that this bill cover pastoral as well as equestrian uses of land such as the use currently being made of land by Town and Country Stables and that present lessees and permittees using the land for pastoral and equestrian purposes be eligible for the long term leases authorized by this measure. Your Committee finds that such uses are for agricultural purposes for the purpose of this bill.

Your Committee has amended the bill by replacing the terms "resided," "residents," and "reside" with "farmed," "farmers," and "farm," respectively, to clarify that the purpose of the bill is to provide for long term agricultural leases.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 559, 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. 559, S.D. 1, H.D. 1, C.D. 1.

Senators Aki, Young and A. Kobayashi
Managers on the part of the Senate

Representatives Levin, Souki, Kanoho, Tajiri and Isbell
Managers on the part of the House

Conf. Com. Rep. No. 13 on H.B. No. 1156

The purpose of this bill is to delete from the membership of the State Fire Council, the chief of the Fire Prevention Bureau of the City and County of Honolulu. It makes the advisory committee to the Fire Council discretionary rather than mandatory. It requires the fire chief of the City and County of Honolulu to be the Fire Council chairperson and it makes an appropriation for the operation of the State Fire Council.

Your Committee upon further consideration has made the following amendments to H.B. No. 1156, S.D. 2:

- (1) the sentence which was to be deleted from Section 132-16(a) will remain. The sentence is: "The state fire council shall elect a chairman from among its members".
- (2) the sentence which was to be added to Section 132-16(a) will now be deleted. The sentence is: "The fire chief of the city and county of Honolulu shall be the chairperson of the state fire council".

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1156, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1156, S.D. 2, C.D. 1.

Senators Yamasaki, Blair and Ikeda
Managers on the part of the Senate

Representatives Crozier, Yoshimura, Souki, Ihara Jr. and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 14 on S.B. No. 808

The purpose of this bill is to appropriate \$100,000 to the Office of the Legislative Auditor to conduct a feasibility study of having a motor vehicle insurance fund as an alternative to the no-fault auto insurance system.

Your Committee finds that there is a critical need to provide alternative methods of motor vehicle insurance.

Your Committee, upon further consideration, has made the following amendments to S.B. No. 808, S.D. 2, H.D. 2:

- (1) Specified that the study address the feasibility of implementing the provisions of S.B. No. 808, S.B. No. 1335, and H.B. No. 1928;
- (2) Clarified that the study address current issues within the insurance industry including, but not limited to, the "take-all-comers" provision in the existing no-fault law, uninsured motorists, and prohibitions against discriminating against insureds on the basis of age and length of driving experience, and an analysis of a motor vehicle insurance fund upon such issues; and
- (3) Required that the study include the feasibility of placing motorcycles under the provisions of the motor vehicle insurance fund proposal.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 808, 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. 808, S.D. 2, H.D. 2, C.D. 1.

Senators Yamasaki, Blair, Cobb, Matsuura and Ikeda
Managers on the part of the Senate

Representatives Hirono, Souki, Hagino, Hiraki and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 15 on S.B. No. 350

The purpose of this bill is to protect the public health by requiring employers to adopt smoking policies that accommodate the preferences of non-smokers and smokers alike.

Under this bill, every employer who has three or more employees would have to find an accommodation between smokers and non-smokers in each affected work place. Failing that, the employer would have to adopt a policy reflecting the preference of a simple majority in each work area, but if the non-smokers in that workplace are still unsatisfied with the employer's decision, a simple majority of them can appeal to the Director of Health for determination of a reasonable accommodation. Employers who already have policies prohibiting smoking would not be affected.

Your Committee finds that smoking is dangerous not only to smokers but also to others who must breathe secondhand smoke in confined areas. Your Committee also finds that it is consistent with legislative efforts to protect the public health, and not inconsistent with principals of civil liberty and personal right of choice, to allow those affected to decide for themselves whether smoking should be prohibited or permitted.

However, the Conference Committee was unable to agree about how private employers must decide the smoking issue in privately owned and operated business concerns. Therefore, your Committee has amended the bill as follows:

- (1) Narrowed the scope to include only government offices of the State and the various counties;
- (2) Added a definition of "simple majority" to mean any number greater than half of the persons expressing a preference in any specific work area;
- (3) Deleted the definition of "person";
- (4) Provided that any person may be subject to the penalty for violating the chapter;
- (5) Provided that any member of the general public may call upon the Department of Health to enforce any violations of the chapter;
- (6) Provided that the maximum penalty for violation shall be \$500;
- (7) Provided that each smoking policy shall be announced within two weeks of the vote of preferences and posted conspicuously in all the affected work areas; and
- (8) Provided that in case of conflict between this new chapter and Chapter 321, part XVII, Hawaii Revised Statutes, the stricter prohibition on smoking shall apply.

Your Committee wishes to emphasize that the purpose of this bill is to protect the rights of non-smokers and is not intended to create any right to smoke or to impair or alter the government's prerogative to prohibit smoking in government work places. It is the intent of your Committee that the legislature and the State shall lead the way towards an eventual smoke-free Hawaii, and that this bill shall serve as a model to the private sector. It is the profound hope of your Committee that the private sector will recognize and acknowledge the rights of non-smokers and take appropriate steps to protect them in private workplaces.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 350, 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. 350, S.D. 1, H.D. 2, C.D. 1.

Senators B. Kobayashi, Solomon and George
Managers on the part of the Senate

Representatives Shon, Metcalf, Hagino, Leong and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 16 on S.B. No. 1729

The purpose of this bill is to control the rental of private residences to groups of unsupervised or unrelated individuals by more clearly defining the types of facilities which require county licensure.

The bill adds two new sections to chapter 46, Hawaii Revised Statutes, and one new section to chapter 445, Hawaii Revised Statutes, which provide for the authority of the counties to

conduct administrative inspections under specified circumstances, and to apply for warrants to do so. The additional sections also set out the proper procedure for such actions.

The bill further includes reference to group homes, group residences, and group living arrangements as accommodations falling within chapter 445 and requires applicants for licenses to operate such accommodations to first secure a certificate from the appropriate county agency acknowledging inspection and compliance with applicable codes.

Further provisions require the licensee to keep records identifying clients, and prevent the unlicensed, uncertified and uncontracted delivery of health care by the subject facilities. Also, the bill requires that designated persons wishing to conduct inspections of licensed facilities must be accompanied by a police officer and have a reasonable suspicion that the chapter is being violated.

Your Committee, after considering all of the ramifications and implications of this measure, has agreed to amend the bill to:

- (1) Delete the reference to seizure of property pursuant to an administrative subpoena;
- (2) Delete Section 2 of the bill relating to the presence of a police officer during inspections;
- (3) Transfer the definition of "premises" from chapter 445 to chapter 46. Premises would be defined as lodging or tenement houses, group residences, group living arrangements, hotels, boardinghouses, or restaurants as further defined in section 445-90, or any like facility serving unsupervised or unrelated individuals;
- (4) Add a section to chapter 445 providing that a facility owned or used by a government agency or by a non-profit agency which is registered with the Department of Commerce and Consumer Affairs and providing services by contract for a government agency shall be exempt from the chapter;
- (5) Simplify the definition of "noisy or disorderly conduct" in chapter 445 by incorporating by reference the definition of that term contained in chapter 711;
- (6) Provide that police, agents of the licensing department, and agents of the appropriate county agencies responsible for compliance with the county's building and zoning codes shall at all times have access for purposes of inspections to enforce or administer chapter 445 and other applicable laws or rules;
- (7) Delete the proposed increase in the fine for operating unlicensed premises;
- (8) Reduce the proposed increase in fine for violations of chapter 445 from not less than \$1,000 nor more than \$2,000 per day to not less than \$100 nor more than \$1,000 per day for each violation; and
- (9) Provide that any person who intentionally or knowingly obstructs or interferes with the progress of any authorized inspection pursuant to chapter 445 shall be guilty of a misdemeanor.

Your Committee believes that this bill, as amended, will result in more effective regulation of group residences without unduly restricting the rights of residents or licensees.

Your Committee has also amended the bill by making technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1729, 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. 1729, S.D. 1, H.D. 2, C.D. 1.

Senators B. Kobayashi, Blair, Young and George
Managers on the part of the Senate

Representatives Shito, Metcalf, Arakaki, Leong and Ribellia
Managers on the part of the House

Conf. Com. Rep. No. 17 on S.B. No. 1172

The purpose of this bill is to enable the Governor to explore alternatives to traditional, capital intensive traffic solutions by requiring that any public contract awarded under Chapter

103, Hawaii Revised Statutes, consider the impact that the work undertaken pursuant to the contract will have on peak hour traffic and by expanding the Governor's authority to modify the hours of schools to include, but not be limited to, state universities.

Your Committee finds that Honolulu's major traffic corridors have already surpassed their capacity, and continued growth in Honolulu's population will further tax existing facilities. However, any further expansion of our highways and roads will severely impact Hawaii's financial and natural resources as well as raise community and environmental concerns.

Therefore, your Committee believes it is both prudent and necessary that transportation policies be implemented which will attempt to alleviate traffic congestion through non-capital intensive alternatives.

One alternative offered in this bill is the requirement that all public contracts shall now consider whether the work will increase traffic congestion during peak hours.

Your Committee also believes that traffic congestion can be reduced by shifting the starting times of Hawaii's schools and state universities. Serious consideration was given to the request of the Administration to provide the Governor with the statutory authority to set private school hours. This request, however, may be premature and efforts should be made during the interim to involve the private schools in a program which would allow them to make a contribution toward alleviating traffic congestion. Your Committee believes, however, that if this effort is unsuccessful, the Executive could again raise this issue with the Legislature.

Your Committee, upon consideration, has amended the bill by including the following language after the words "staggered as well." on page 2, line 14: "According to one study (the 1985 report by Kaku Associates entitled School Hours Change Study), the private schools contribute fifty per cent of the morning peak school-related traffic on the major traffic corridors into Honolulu," to further clarify the impact private school hours have on morning peak traffic.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1172, 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. 1172, S.D. 1, H.D. 1, C.D. 1.

Senators Fernandes Salling, Holt, Kuroda and Ikeda
Managers on the part of the Senate

Representatives Oshiro, Souki, Bellinger, Ihara Jr. and Marumoto
Managers on the part of the House

Conf. Com. Rep. No. 18 on H.B. No. 377

The purpose of this bill is to clarify the membership criteria of the State Environmental Council.

Your Committee on Conference agrees with the intent and purpose expressed in Senate Standing Committee Report No. 965 which has been incorporated herein by reference except as modified herein.

Your Committee finds that it is the purpose and intent of this bill to insure that the Governor, in appointing members to the Environmental Council, is permitted to consider all those persons within the community that have the prerequisite environmental expertise to effectively serve. It is not intended to specifically exclude from the council's membership any particular group of persons with environmental expertise.

Your Committee, upon further consideration of this bill, has made the following non-substantive amendments for the sake of clarity.

Line 6 on page 1 of this bill has been amended to read: "The council shall be [placed within] attached to the department of health for administrative purposes."

Line 9 on page 1 has been edited to read: "...provided that, of the members initially appointed, five members..."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 377, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 377, S.D. 1, C.D. 1.

Senators Hagino, Menor and Reed

Managers on the part of the Senate

Representatives Andrews, Hiraki, Honda, Kanoho and Pfeil
Managers on the part of the House

Conf. Com. Rep. No. 19 on H.B. No. 654

The purpose of this bill is to amend the current State Natural Area Reserves statute, Chapter 195, Hawaii Revised Statutes, to establish more specific guidelines for the creation and management of Hawaii's natural area reserves.

Your Committee finds that the State has established the State Natural Area Reserves System to protect the important natural areas within the vast inventory of state lands. These reserves protect thousands of unique species, provide ideal sites for research and outdoor education and, in many cases, guard vital watershed areas. This bill provides the Department of Land and Natural Resources with broader powers under which it will be authorized to acquire and manage the States natural area reserves, including the use of more innovative methods such as joint public/private ventures in order to facilitate greater efficiency and cooperation in the protection of these reserves.

Your Committee has amended this bill by correcting an apparent drafting error which occurred during the latest revision of this bill. The underlined phrase: "in carrying out this chapter;" has been deleted from page 7, line 6 of this bill to insure its consistency with the intended amendments of the Senate as stated in Senate Standing Committee Report No. 876.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 654, 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. 654, H.D. 1, S.D. 1, C.D. 1.

Senators Yamasaki, Hagino and A. Kobayashi
Managers on the part of the Senate

Representatives Andrews, Levin, D. Ige, Kanoho and Isbell
Managers on the part of the House

Conf. Com. Rep. No. 20 on S.B. No. 993

The purpose of this bill is to enable the Department of Health to disclose reports of all blood transmitted diseases to blood banks.

Currently, the Department is authorized to disclose reports of persons who have had viral hepatitis. This bill would allow the Department to inform the blood bank of persons who have or have had diseases or conditions transmittable by blood or blood products, including AIDS.

Your Committee finds that while blood donated to the blood bank is routinely screened for infectious diseases, there is always the slight possibility of false laboratory results due to the limitations of the test. False test results may also occur during the early incubation period shortly after a person is infected. This bill would provide a safeguard against transmission of infectious diseases through blood transfusions and is considered by your Committee to be in the public interest.

Your Committee, upon further consideration, has determined that provision must be made to further safeguard against situations in which a person's test is negative but other evidence indicates that the person may be in the early stages of incubation and might later develop an infectious disease. Therefore, your Committee has amended the bill by inserting the following language:

"In addition, the department may disclose to any blood bank information on persons suspected by physical symptoms, clinical examination, or laboratory evidence of having diseases or conditions transmittable by blood or blood products, any law to the contrary notwithstanding."

Your Committee believes that the bill, as amended, together with all the other safeguards now in place, will substantially eliminate the opportunity for infectious blood to come to be used inadvertently by the Blood Bank.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 993, 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. 993, S.D. 1, H.D. 1, C.D. 1.

Senators B. Kobayashi, Matsuura and George

Managers on the part of the Senate

Representatives Metcalf, Hiraki, Hirono, Takamine and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 21 on H.B. No. 378

The purpose of this bill is to require physicians to report to the Department of Health, the treatment of any patient afflicted with an environmentally-related illness or injury.

Your Committee finds that the active surveillance and documentation of all pesticide, lead and other environmentally-related illnesses or injuries is important to the understanding, prevention and control of such incidents. For decades, statistics have been kept on a variety of natural diseases. It has now become necessary to gather similar data on environmentally-related illnesses and injuries. Such data are essential to the understanding of the full extent and severity of environmentally-related problems in Hawaii.

Your Committee has amended this bill by making a minor technical correction to the subsection entitled: "Definition of health care professional" which appears on page 2, lines 20 through 23 of this draft. Your Committee finds that physicians and osteopaths are "licensed" rather than "defined" in HRS Chapters 453 and 460, respectively. This bill has therefore been amended to reflect this technicality.

Your Committee has further amended this bill by deleting the words "licensed clinical" which appear on page 3, lines 7 and 8 of the Senate draft. Your Committee wishes to keep the reporting requirement applicable to all laboratories having laboratory data regarding individuals affected by toxic substances.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 378, 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. 378, H.D. 2, S.D. 1, C.D. 1.

Senators B. Kobayashi, Matsuura and George
Managers on the part of the Senate

Representatives Andrews, Shon, Metcalf, D. Ige and Pfeil
Managers on the part of the House

Conf. Com. Rep. No. 22 on S.B. No. 241

The purpose of this bill is to relieve the transferor of a motor vehicle from any civil or criminal liability for activities involving the motor vehicle from the date the transferor delivers the motor vehicle into the transferee's possession.

This bill, as received by your Committee, provided that if the purchaser of a motor vehicle provides the registered owner or licensed dealer with proof of insurance on the motor vehicle being transferred, the owner or dealer shall be relieved from civil or criminal liability from the date possession of the vehicle is transferred.

Your Committee finds that the transferor of a motor vehicle should not be held responsible for the purchase of insurance by the transferee and, therefore, has amended the bill to delete the proposed new subsection (m) in the bill as received, which would have imposed this requirement on the transferor. Instead, appropriate amendments have been made to subsection (k) to relieve the transferor of the motor vehicle from liability from the date the motor vehicle is delivered to the transferee's possession.

In order to clarify that the bill is not intended to relieve a transferor from civil and criminal liability arising from the sale of a defective motor vehicle, the bill has been further amended to provide that the transferor is relieved only from liability which would otherwise arise by reason solely of being the registered owner.

The bill has been further amended to make technical amendments which do not affect the intent and purpose of the measure.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 241, 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. 241, S.D. 1, H.D. 1, C.D. 1.

Senators Fernandes Salling, Chang, Hee and George
Managers on the part of the Senate

Representatives Bellinger, Cachola, Crozier, Horita and Jones
Managers on the part of the House

Conf. Com. Rep. No. 23 on H.B. No. 1209

The purpose of this bill is to require any person who has caused an unlawful discharge under Section 342-33(a), HRS, to report the incident to the Director of Health within twenty-four hours of the discharge. This bill also increases the penalties assessable for harbor violations and any violation of Part III of Chapter 342, HRS.

Your Committee finds that recent incidents involving the release of untreated sewage effluent from certain interisland cruise ships have uncovered various limitations in the State's ability to impose penalties which are comparable to the severity of these repeated infractions. In addition to the damage they may cause to the environment, these discharges also pose potential hazards to human health and safety. This bill will provide the State departments of Health and Transportation with the authority to impose stricter penalties for the discharge of pollutants into the State's waters.

Following its deliberations on this bill, your Committee concluded that an essential element in developing an effective pollution discharge notification and corrective action program would be the authority of the Department of Health to assess the appropriate fines on parties which fail to comply with their obligations to report. Therefore, your Committee has reinserted subsection (C) to this bill which authorizes the Department of Health assess a penalty of not more than \$10,000 per day for the violation of this section.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1209, 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. 1209, H.D. 1, S.D. 1, C.D. 1.

Senators Hagino, Nakasato and Reed
Managers on the part of the Senate

Representatives Andrews, Metcalf, Honda, Say and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 24 on S.B. No. 787

The purpose of this bill is to amend Section 707-711, Hawaii Revised Statutes, to provide that any person who intentionally or knowingly causes bodily injury to an educational worker will be guilty of a Class C felony.

An educational worker is defined for the purposes of this section in the Senate version as "any administrator, specialist, counselor, or teacher employed by the department of education or any person acting under the control of the department of education and engaged in carrying out an educational function".

Both the Senate and the House of Representatives agree that this bill will give educational workers added protection by making it a crime to assault them. The House of Representatives broadened the definition of an educational worker to include any employee of the Department of Education, or a person who is a volunteer in a school program, activity, or function that is established, sanctioned, or approved by the Department of Education or a person hired by the Department of Education on a contractual basis and engaged in carrying out an educational function.

Your Conference Committees amended House Draft 1 to remove the clause "or an appropriate county agency" because your Committees believe this clause created an overly broad classification which would be covered by this bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 787, 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. 787, S.D. 1, H.D. 1, C.D. 1.

Senators Hee, Chang, Kuroda, Mizuguchi and Reed
Managers on the part of the Senate

Representatives Tam, Metcalf, Lee, Honda and O'Kieffe
Managers on the part of the House

Representative Honda did not sign the report.

Conf. Com. Rep. No. 25 on S.B. No. 1288

The purpose of this bill is to allow the Real Estate Commission to invest and reinvest the moneys in the real estate education fund.

Under current law the Commission may invest the real estate recovery fund in the same manner as the funds of the retirement system but cannot invest the real estate education fund.

Your Committee finds that the real estate recovery fund is dependent on the number of new licensees and that the earnings of this fund are placed in the education fund. Due to the cyclical nature of new licensees, your Committee believes that the education fund should be provided with the opportunity to increase its size through proper investment and not be totally dependent on the recovery fund.

Your Committee further finds that the Commission is having difficulty maintaining an effective real estate education program with contract workers and therefore, the bill has been amended to provide the Commission with the means to hire personnel not subject to Chapters 76 and 77, Hawaii Revised Statutes, by using the moneys in the education fund.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1288, 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. 1288, S.D. 1, H.D. 1, C.D. 1.

Senators Cobb, Blair and A. Kobayashi
Managers on the part of the Senate

Representatives Hirono, Souki, Bellinger, Hiraki and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 26 on S.B. No. 1395

The purpose of this bill is to reduce the high cost of motorcycle and motor scooter insurance, and to increase the availability of motorcycle and motor scooter liability insurance coverage.

Presently, motorcycles and motor scooters are exempt from the no-fault law. However, owners and operators are required to obtain liability insurance coverage as provided under section 294-12.6, Hawaii Revised Statutes.

Specifically, this bill requires insurers to offer, at the option of the owner, liability coverage in excess of limits required by law, and increases the minimum required level of personal injury liability coverage from \$25,000 to \$35,000. The bill also deletes the provisions which do not allow an exemption for motorcycles or motor scooters to sections 294-4, relating to "Obligation to pay no-fault benefits", 294-6, relating to "Abolition of tort liability", and 294-10, relating to "Required policy coverage", in the case of accidental harm to a passenger or a pedestrian arising out of a motorcycle or motor scooter accident.

Further, the bill requires insurance applicants to either obtain a valid motorcycle or motor scooter license, or obtain a permit and pass a motorcycle education course approved by the Department of Transportation. Your Committee finds that the neighbor islands may require additional time to implement the education course, and has therefore amended the bill so that these requirements would take effect after January 1, 1988.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1395, 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. 1395, S.D. 1, H.D. 1, C.D. 1.

Senators Cobb, Fernandes Salling and Ikeda
Managers on the part of the Senate

Representatives Hirono, Bellinger, Hagino, Hiraki and Jones
Managers on the part of the House

Conf. Com. Rep. No. 27 on S.B. No. 545

The purpose of this bill is to promote the availability of long-term care insurance, by establishing standards which facilitate the public's understanding and ability to compare long-term care insurance policies and by protecting applicants from unfair or deceptive sales or enrollment practices. The standards, however are not intended to hinder flexibility and innovation in the development of long-term care insurance coverage.

This bill statutorily establishes a new form of insurance called "long term care insurance." In the last few years, the public has grown increasingly aware and concerned about the failure of Medicare to satisfactorily provide for long-term intermediate and custodial care. The increasing cost of medical care for chronic illness, combined with constraints on public funding for medical care, has been a strong incentive for private financing. Therefore, the establishment of regulatory control over long-term care insurance is timely.

This bill is based on model legislation developed by the Advisory Committee on Long-Term Care of the National Association of Insurance Commissioners. It empowers the Insurance Commissioner to protect the public by establishing disclosure standards and enforcing compliance with all applicable provisions of the insurance code. Your Committee notes that the bill deviates from the model legislation in a few instances, but not in any substantive way.

Your Committee upon further consideration has made the following amendments to S.B. No. 545, S.D. 1, H.D. 1:

- (1) The section on prior hospitalization has been changed to reflect the terminology of the model law. It now refers to prior "institutionalization" instead of prior "hospitalization" and the reference to a home care program has been deleted.
- (2) The section on exceptions has been amended by substituting a reference to Hawaii Revised Statutes sections instead of to the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 545, 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. 545, S.D. 1, H.D. 1, C.D. 1.

Senators Cobb, Blair, B. Kobayashi and Ikeda
Managers on the part of the Senate

Representatives Hirono, Bellinger, Hayes, Hiraki and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 28 on S.B. No. 341

The purpose of this bill is to require a depository bank to provide a written notice of its check hold policy and fund availability for local, out-of-state, and foreign checks drawn on U.S. financial institutions when a checking account is opened or when there is a change in bank policy.

Your Committee notes that Congress presently is considering the issue of funds availability for local and nonlocal checks, and a system for expediting the return of unpaid checks and for direct notification to financial institutions of non-payment.

Your Committee finds that the requirement of disclosing information will allow customers to compare the check hold practices of the different financial institutions.

Your Committee has amended the bill by authorizing the Commissioner of Financial Institutions to establish by rules reasonable periods for check hold and fund availability with respect to local, out-of-state, and foreign checks drawn on U.S. financial institutions.

Your Committee has also amended the bill by deleting the definition of "payor" in the last paragraph of section 490:4-213(4)(b) in order to be consistent with the deletion of the words "or payor" on page 2, line 2 of the bill (page 2, line 1 of the conference draft), and by making nonsubstantive technical changes to conform the bill with recommended statutory drafting style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 341, 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. 341, S.D. 1, H.D. 1, C.D. 1.

Senators Cobb, Blair and A. Kobayashi
Managers on the part of the Senate

Representatives Hirono, Bellinger, Hayes, Hiraki and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 29 on S.B. No. 24

The purpose of this bill is to establish subsection (b) of Section 514A-82, Hawaii Revised

Statutes, setting forth the requirements of the contents of condominium bylaws. The new subsection would identify those provisions of the bylaws which would have retrospective application beginning January 1, 1988.

Specifically, the new subsection (b) would contain the following elements of the bylaws:

- (1) The method of amendment of the bylaws;
- (2) The method of notifying members of the association of apartment owners of annual or special association meetings; and
- (3) Prohibitions and other conditions regarding the use of proxies.

Your Committee has amended the bill as follows:

- (1) Deleted subparagraph (1) (F), relating to the method of removal from office of directors, from subsection (a), and placed it in subsection (b) with the following changes:
 - (A) Removal and replacement shall be in accordance with all applicable requirements and procedures in the bylaws for the removal and replacement of directors, including but not limited to any provisions relating to cumulative voting;
 - (B) The association's record of ownership shall be used for determining if a petition has been signed by not less than twenty-five percent of apartment owners; and
 - (C) If the secretary or managing agent fails to send the notice for a special meeting on time, the petitioners would have the authority to set the time, date, and place for the special meeting and to send notices thereof in accordance with the bylaws;
- (2) Clarified that any apartment owner who submits a petition to amend the bylaws must be listed in the association's record of ownership;
- (3) Provided for ratification of proposed bylaws by written consent as well as by vote, as long as such is obtained within 120 days after mailing of the ballots; and
- (4) Prohibited submission for one year of a petition for a proposed bylaw which is substantially similar to one previously mailed to the owners.

Your Committee has also amended the bill by making technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 24, 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. 24, S.D. 1, H.D. 1, C.D. 1.

Senators Cobb, Blair and A. Kobayashi
Managers on the part of the Senate

Representatives Hirono, Andrews, Hagino, Hiraki and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 30 on S.B. No. 447

The purpose of this bill is to authorize any person seeking licensure under Chapter 442, Hawaii Revised Statutes (HRS), to demonstrate to the Board of Chiropractic Examiners that the person received training in the use of physical modalities at an accredited institution and that the person completed a practical demonstration examination.

The bill also prohibits a person licensed to practice chiropractic to use physical modalities without receiving approval by the Board.

Act 243, Session Laws of Hawaii 1984, amended Section 442-6, HRS, by adding a new subsection (d) setting forth new requirements for the regulation of chiropractors. Subsection (d) deals with (1) applicants for initial licensure, and (2) licensees who had not been initially tested for competence in the use of physical modalities, and as a result, confusion has arisen as to the administration of the subsection. This bill would clarify the requirements regarding the use of physical modalities by transferring the requirements for initial licensure to subsection (c) which pertains to initial licensure and retaining the matters relating to granting approval to use physical modalities by licensees who had not been tested in subsection (d).

Your Committee, upon consideration, has amended the bill by replacing the term "physical modality" with the term "physiotherapy modality", the term used in the bill as introduced, and has made technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 447, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 447, H.D. 1, C.D. 1.

Senators Cobb, Kuroda and A. Kobayashi
Managers on the part of the Senate

Representatives Hirono, Hagino, Hiraki, Takamine and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 31 on H.B. No. 489

The purpose of this bill is as follows:

- (1) To ensure the continuation of the Board of Examiners in Optometry (Board) and its power and authority as provided for in Chapter 459, Hawaii Revised Statutes, by extending the chapter "sunset date" to December 31, 1993;
- (2) To provide definitions of "board" and "directors";
- (3) To increase the number of members of the Board from five to seven members. In addition to the currently specified two public members, five members would be required to be licensed optometrists who have practiced optometry for at least five years, one of whom shall be from a county other than Honolulu;
- (4) To eliminate the requirement that an applicant for licensing examination be a graduate of an American optometric college, school or university; and
- (5) To establish reciprocity for licensure in optometry for any optometrist who is registered and licensed under the laws of any state or territory of the United States or any other jurisdiction with qualifications for licensure which equal or exceed those of Hawaii.

Your Committee has amended this bill by adding a new section which would amend Section 459-9, Hawaii Revised Statutes, by:

- (1) Deleting provisions prohibiting advertising, except for advertising by means of false and deceptive statements or by statements which tend to deceive or defraud;
- (2) Deleting provisions prohibiting house-to-house canvassing for the purposes of selling, advertising, or soliciting the sale of ophthalmic goods or services, and the peddling of ophthalmic goods from house-to-house or on the streets or highways; and
- (3) Deleting provisions prohibiting the association of a licensee's practice with a commercial (mercantile) concern.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 489, 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. 489, H.D. 1, S.D. 1, C.D. 1.

Senators Cobb, B. Kobayashi and Ikeda
Managers on the part of the Senate

Representatives Hirono, Hiraki, Yoshimura, Belldinger and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 32 on H.B. No. 521

The purpose of this bill is to require an automatic medical suspension from boxing for any boxer receiving severe blows to the head.

Your Committee believes that this bill extends efforts to provide for the health and safety of boxers. The bill requires any boxer who is knocked out to receive an automatic medical suspension as well as a mandatory neurological examination. It is the intent of your Committee that a physician determine the extent of this neurological examination based on the severity of the blows received by the boxer.

The bill has been amended by:

- (1) Inserting the word "that" between the words "ensure" and "all" on line 9 of page 1; and
- (2) Replacing the word "pounding" with the word "beating" on line 17 of page 2.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 521, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 521, S.D. 1, C.D. 1.

Senators Cobb, Blair, B. Kobayashi and A. Kobayashi
Managers on the part of the Senate

Representatives Hirono, Hayes, Hiraki, Peters and Jones
Managers on the part of the House

Representatives Peters did not sign the report.

Conf. Com. Rep. No. 33 on H.B. No. 1073

The purpose of this bill is to require the providing of optional riders to an accident or sickness insurance policy, at an additional cost to the policyholder, to cover veterinary services for eligible domestic animals which are pets of the policyholder.

Your Committee has amended this bill by deleting its substance and inserting material directing the Insurance Commissioner to review the availability of pet care insurance in Hawaii, assess its feasibility, and recommend statutory language to encourage and require such insurance in Hawaii. The Commissioner shall report the findings and recommendations to the Legislature prior to the 1988 Regular Session.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1073, 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. 1073, H.D. 1, S.D. 1, C.D. 1.

Senators Cobb, Blair and Ikeda
Managers on the part of the Senate

Representatives Hirono, Cachola, Hagino, Hiraki and Jones
Managers on the part of the House

Representative Cachola did not sign the report.

Conf. Com. Rep. No. 34 on H.B. No. 1529

The purpose of this bill is to permit industrial loan companies to sell personal property insurance to borrowers for personal property not used for contract security.

The bill was amended to also permit industrial loan companies to sell to borrowers involuntary unemployment insurance. In this instance the term "involuntary unemployment insurance" means insurance for involuntary unemployment, and not involuntary or mandatory insurance for unemployment.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1529, 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. 1529, H.D. 1, S.D. 1, (C.D. 1).

Senators Cobb, Nakasato and Ikeda
Managers on the part of the Senate

Representatives Hirono, Bellinger Hiraki, Shito and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 35 on H.B. No. 652

The purpose of this bill is to establish minimum standards regulating the transportation, recycling and disposal of used oil.

Following its discussions on this bill, your Committee has agreed to the following amendments:

The definition for "Recycled used oil" which appears on page 2, line 1 of this draft has been reworded so that this definition describes a product instead of a process. This amendment clarifies that recycled use oil means "used oil that is reused or prepared for reuse as a petroleum product."

Item (2) under the section on "Exemptions" on page 2, lines 17 through 21 has been amended to clarify that the exemption extended to electric public utilities and other facilities which utilize industrial boilers applies only to the use of used oil as "specification" fuel which has been generated by the facility.

Subsection (a) under the "Prohibited acts" section which appears on page 3, lines 1 through 3 has been amended to include "new oil" and "recycled used oil" as items which are to be prohibited from being discharged into sewers, drainage systems, water courses and so on. This amendment broadens the prohibition and will facilitate more effective enforcement of this provision.

Subsection (d) also under the "Prohibited acts" section has been amended by prohibiting persons from marketing used oil for final disposal without first obtaining an authorization from the Department of Health. This amendment broadens this provision by encompassing the most common stages of the used oil cycle.

In addition, the section entitled "Used oil transport vehicles; identification required" which appears on page 3, lines 16 through 18 has been revised to allow the Department of Health to determine the vehicle identification standards which are to be met by used oil transporters on vehicles used for the transport of used oil.

Finally, your Committee has reduced the amount of funds to be appropriated to this Act to the sum of \$60,000.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 652, 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. 652, H.D. 2, S.D. 2, C.D. 1.

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

Representatives Andrews, Souki, Kanoho, Hashimoto and Isbell
Managers on the part of the House

Conf. Com. Rep. No. 36 on S.B. No. 481

The purpose of this bill is to grant an occupier or the occupier's assignee the right of first refusal in obtaining a geothermal mining lease on reserved lands within a geothermal resource subzone, provided that the Board of Land and Natural Resources (BLNR) determines that the granting of a geothermal mining lease should be without public auction.

This bill also allows the BLNR to grant a geothermal mining lease on reserved lands not within a geothermal resource subzone if the lands are contiguous to an existing geothermal resource subzone and under a common ownership.

Presently, developers of geothermal resources take a considerable risk when doing exploration drilling as they do not know whether there is an economically producible resource present in the area they are drilling. This bill would ensure that a developer, whose efforts and funds have been expended to explore geothermal resources, would not lose the opportunity to lease and develop the resource to someone else.

Your Committee has amended the bill by deleting the phrase "without public auction" on page 2, line 13 to ensure that the surface owner or the owner's assignee shall have the first opportunity to apply for the mining lease and by substituting the word "shall" for the word "should" on page 3, line 3 (page 2, line 20 of the conference draft) for the purpose of conformance with recommended drafting style.

Your Committee has further amended the bill to clarify, in the purpose section, that the BLNR is authorized to grant a geothermal mining lease on reserved lands not within a geothermal resource subzone to a surface owner or the owner's assignee if the lands are contiguous to an existing geothermal resource subzone and under a common ownership.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 481, 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. 481, S.D. 1, H.D. 1, C.D. 1.

Senators Matsuura, Aki, Mizuguchi and Henderson
Managers on the part of the Senate

Senator Henderson did not sign the report.

Representatives Andrews, Levin, D. Ige, Kanoho and O'Kieffe
Managers on the part of the House

Representative Kanoho did not sign the report.

Conf. Com. Rep. No. 37 on S.B. No. 420

The purpose of this bill is to amend Section 521-44(c), Hawaii Revised Statutes, to clarify the requirements for the refunding of a security deposit upon the termination of a rental agreement.

Presently, a landlord must return a security deposit to a tenant no later than fourteen days after the termination of the rental agreement. If the landlord finds that a portion of the deposit needs to be retained for cleaning and repairs, written notice of that determination and return of the remaining portion of the deposit must be made during the same fourteen-day period.

This bill provides that the requirement for return of the security deposit or written notice for the partial retention of the deposit is satisfied if the refund or notice is forwarded to the tenant by certified mail before midnight of the fourteenth day after the day of termination of the rental agreement. The bill also provides for a limitation of two years on the length of time during which a tenant can bring an action against a landlord for wrongful retention of the tenant's security deposit.

Your Committee believes that one year is sufficient time to bring an action and has therefore amended this bill to provide one year instead of two years to institute any action for the return of the tenant's security deposit.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 420, 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. 420, S.D. 1, H.D. 1, C.D. 1.

Senators Aki, Young and Ikeda
Managers on the part of the Senate

Representatives Hirono, Hayes, Hiraki, Shito and Jones
Managers on the part of the House

Conf. Com. Rep. No. 38 on S.B. No. 1318

The purpose of this bill is to transfer the housing finance, housing development, and residential leasehold functions of the Hawaii Housing Authority to the Department of Planning and Economic Development for administrative purposes. These functions would comprise a new Housing Finance and Development Corporation.

Your Committee has amended the bill as follows:

(1) Section 15 of the bill, which comprises the new chapter establishing the Housing Finance and Development Corporation, has been amended as follows:

(a) Section 3(b) has been amended by stating that the corporation shall be headed by a board of directors, rather than a commission, and that the board shall consist of eight members, of whom six shall be public members appointed by the Governor, and two of the public members shall be appointed at large. The remaining composition of the board is identical to that of the commission as provided in S.B. No. 1318, S.D. 2, H.D. 2.

(b) Section 3(c) has been amended to require the Governor, rather than the board, to select a chairperson and vice-chairperson from among the board members.

(2) Section 17 of the bill has been amended by adding chapters 111, 356 inclusive, 359, 516, and 519, and in addition to chapter 356, parts II and III, and chapter 359G, with reference to the rights, powers, functions, and duties previously conferred on the Hawaii Housing Authority by the provisions of said chapters which are to be transferred to or conferred upon the Housing Finance and Development Corporation.

Also added were provisions that all rules, regulations, etc., adopted or developed by the Authority to implement provisions of the Hawaii Revised Statutes which are reenacted or made applicable to the Corporation by this bill, in effect on the effective date of the Act, shall remain in full force and effect for not more than twelve months after the effective date of the Act, unless adopted by the Corporation pursuant to chapter 91, Hawaii Revised Statutes. In that interim, every reference to the Authority in those rules, etc., is to be amended to refer to the Corporation. Further, all deeds and other documents executed by the Authority pursuant to the provisions of the Hawaii Revised Statutes which are reenacted or made applicable to the Corporation by this bill shall remain in full force and effect, and after the effective date of the Act, every reference to the Authority shall be construed as a reference to the Corporation.

- (3) A new Section 19 has been added to provide that, notwithstanding section -3 of Section 15 of the bill relating to the board of directors, three of the six initial public members of the board shall be selected by the Governor from among the public members of the Hawaii Housing Authority, and these three shall serve for no more than the remainder of their Authority terms, provided that their combined membership on both boards shall not exceed eight consecutive years. The vacancies on the Authority resulting from the Governor's selection of the three public members of the Corporation shall be filled as provided by section 26-34, Hawaii Revised Statutes.
- (4) The addition of Section 19 has caused Sections 19 through 24 of this bill to be renumbered as Sections 20 through 25.
- (5) Section 21, previously numbered Section 20, was amended by adding the provision that moneys payable from any revolving, special, or trust fund administered by the Authority are transferred to and made the obligations of the funds of the same names established under Section 15 of this bill.
- (6) Section 23, previously numbered Section 22, has been amended by adding provisions that if S.B. No. 776, S.B. No. 1723, or H.B. No. 1512 are enacted, every reference to the Hawaii Housing Authority shall be amended to refer to the Housing Development and Finance Corporation, and the provisions of those bills shall be inserted into the new chapter added by Section 15 of this bill.
- (7) The effective date of the bill, if enacted, was changed from July 1, 1988, to July 1, 1987.

Your Committee also made technical, nonsubstantive amendments to the bill, in most instances to correct obvious clerical errors.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1318, 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. 1318, S.D. 2, H.D. 2, C.D. 1

Senators Yamasaki, Aki, Ikeda and Young
Managers on the part of the Senate

Representatives Fukunaga, Hagino, Shito, Arakaki and Ribellia
Managers on the part of the House

Conf. Com. Rep. No. 39 on H.B. No. 1514

The purpose of this bill is to make the shelter allowances set forth under the public assistance law flat amounts based on family size, instead of maximum amounts.

Your Committee finds that the shelter benefit for those receiving public assistance has remained the same for over ten years, even though inflation has risen at a rate of more than 40 per cent during this same period.

Your Committee has therefore amended page 3, line 19 through page 4, line 3 of the bill to provide for a ten per cent increase in the schedule for this housing allowance. Your Committee has also amended this bill on page 8, line 23 by changing the effective date from July 1, 1987 to January 1, 1988.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1514, 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. 1514, H.D. 2, S.D. 2, C.D. 1.

Senators Yamasaki, McMurdo and A. Kobayashi

Managers on the part of the Senate

Representatives Hagino, Souki, Arakaki, Kawakami and Ribellia
Managers on the part of the House

Conf. Com. Rep. No. 40 on H.B. No. 750

The purpose of this bill is to establish a state administered endowment fund for the Honolulu symphony and to appropriate funds to provide financial assistance to the symphony in fiscal year 1987-1988 in the amount of \$500,000 for its operating budget and \$290,000 to cover the actual costs of the State's purchase of service for the young peoples' concerts and neighbor island tours.

While supportive of the intent of an endowment fund, your Committee had concerns that a \$2,000,000 appropriation would have a negative impact on the overall scheme of the State's budget. Therefore, your Committee has adopted the recommendation that the appropriation for the endowment fund be changed to \$500,000 in fiscal year 1987-1988, and \$500,000 in fiscal year 1988-1989. The bill has been amended to provide for this provision.

Presently, the symphony receives financial assistance in the form of purchase of service moneys through the State's operating budget. Your Committee finds that the appropriations for the symphony's operating budget and for additional purchase of service moneys are more appropriately addressed in the State's operating budget. Your Committee, therefore, has amended this bill by deleting sections 3 and 4.

This bill has been further amended by renumbering the remaining sections for the purpose of consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 750, 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. 750, H.D. 1, S.D. 2, C.D. 1.

Senators Yamasaki, Kuroda and A. Kobayashi
Managers on the part of the Senate

Representatives Taniguchi, Souki, Horita, Say and Ribellia
Managers on the part of the House

Conf. Com. Rep. No. 41 on H.B. No. 1841

The purpose of this bill is to provide for a second deputy director in the Department of Land and Natural Resources but includes provisions repealing the measure in the event a statewide water code is enacted which includes a section relating to an additional deputy.

Your Committee believes that an additional deputy is warranted even if responsibility for the water code is not assigned to the Department; therefore your Committee has amended this bill by deleting the provision which would repeal the proposed bill upon enactment of a statewide water code.

Your Committee on Conference is in accord with the intent and purpose of H.B. 1841, H.D. 2, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. 1841, H.D. 2, S.D. 1, C.D. 1.

Senators Yamasaki, Aki, Matsuura and A. Kobayashi
Managers on the part of the Senate

Representatives Levin, Fukunaga, Bunda, Say and Isbell
Managers on the part of the House

Conf. Com. Rep. No. 42 on H.B. No. 581

The purpose of this Bill is to transfer the Office of Narcotics Enforcement from the Department of Health to the Department of the Attorney General.

Under existing law, the Department of Health is responsible for enforcement of the Uniform Controlled Substances Act through the Office of Narcotics Enforcement. Your Committee finds that this office should be transferred to the Department of the Attorney General. The Attorney General is the chief law enforcement officer of the State and engages in criminal and other investigations. Consolidation of the narcotics investigation responsibility with other investigatory duties will result in greater efficiency and effectiveness in the narcotics and

controlled substances enforcement program.

In order to give the affected Departments time enough to efficiently transfer the narcotics enforcement office, your Committee has amended the Bill by changing the effective date of July 1, 1988.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 581, 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. 581, H.D. 1, S.D. 2, C.D. 1.

Senators Yamasaki, Blair, Hee, J. Wong and A. Kobayashi
Managers on the part of the Senate

Representatives Shon, Souki, Leong, Metcalf and Cavasso
Managers on the part of the House

Conf. Com. Rep. No. 43 on S.B. No. 1713

The purpose of this bill is to establish a state surplus revolving fund with moneys collected from the sale of state-owned property through the state surplus program.

In addition, it requires the Comptroller to prepare an inventory of all surplus state property pursuant to section 105-6, HRS, keep a full record of all transactions involving the state surplus property revolving fund, and to submit an annual report to the governor and the legislature.

The surplus property branch of the Department of Accounting and General Services has two operating programs: the federal surplus program and the state surplus program. Existing law provides for a revolving fund for the federal program, but no equivalent fund is authorized for the state program. This bill creates a revolving fund for the state program, from which the expenses of the state surplus program can be paid.

Your Committee upon further consideration amended S.B. No. 1713, S.D. 2, H.D. 1, by requiring the Comptroller to "maintain" an inventory of all surplus state property (which is already done), while deleting the requirement that the inventory be prepared pursuant to section 106-5, HRS. Your Committee finds that conformance to section 106-5 is not necessary for such a small program and would be unduly burdensome. The manner in which the inventory will be maintained is left up to the Comptroller's discretion.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1713, 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. 1713, S.D. 2, H.D. 1, C.D. 1.

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

Representatives Souki, Takamine, Ihara Jr., Oshiro and Marumoto
Managers on the part of the House

Conf. Com. Rep. No. 44 on S.B. No. 1154

The purpose of this bill is to amend the title of chapter 211E, Hawaii Revised Statutes, to read "Hawaii Innovation Development Program" instead of "Hawaii Invention Development Program", add the definitions of "innovation", "inventor", and "loan" to section 211E-1, and to provide an appropriation to the program's fund.

Your Committee upon further consideration has made the following amendments to S.B. No. 1154, S.D. 1, H.D. 2:

- (1) The department of planning and economic development is required to adopt rules to prescribe the forms of financial participation the department may engage in as a result of making a loan under the program, including but not limited to, warrants, options, or royalties on sales or earnings.
- (2) The appropriation provided for the Hawaii innovation development fund has been raised from \$1 to \$500,000.

Your Committee has also made technical, nonsubstantive amendments to this bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1154, 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. 1154, S.D. 1, H.D. 2, C.D. 1.

Senators Yamasaki, Chang and A. Kobayashi
Managers on the part of the Senate

Representatives Levin, Souki, D. Ige, Kanoho and O'Kieffe
Managers on the part of the House

Conf. Com. Rep. No. 45 on S.B. No. 154

The purpose of this bill is to establish a computerized fingerprint identification system using as its primary resource an automatic fingerprint identification system. The bill appropriates \$2 to be expended by the department of the attorney general for the purposes of the bill.

Your Committee has amended the bill by specifying that the department of the attorney general coordinate the use of the automatic fingerprint identification system with federal, state, and county law enforcement agencies. Your Committee has also increased the appropriation to be expended by the department of the attorney general for the purposes of the bill to \$4.5 million.

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

Senators Yamasaki, Hee, Holt, Kuroda and Reed
Managers on the part of the Senate

Representatives Metcalf, Souki, Hayes, Hiraki and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 46 on S.B. No. 432

The purpose of this bill is to adjust the amount of state and county public employer contributions to the Public Employees Health Fund for the health benefits plan of retirees with less than 10 years of credited service.

In addition, this bill would increase, in each of the next two fiscal years, the amount of state and county contribution to the Public Employees Health Fund for the dental benefits plan of qualifying employee-beneficiaries of retirees with less than 10 years of credited service.

Your Committee has amended this bill by including specific amounts for the public employer contributions for the health benefits plan. These amounts are \$25.96 for the period July 1, 1987 to June 30, 1988 and \$28.56 for the period July 1, 1988 to June 30, 1989 for each employee-beneficiary; and \$79.84 for the period July 1, 1987 to June 30, 1988 and \$87.82 for the period July 1, 1988 to June 30, 1989 for each employee-beneficiary with a dependent-beneficiary. These new amounts had previously been left blank.

Your Committee has also made a technical, nonsubstantive amendment in the section title.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 432, 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. 432, S.D. 2, H.D. 1, C.D. 1.

Senators Yamasaki, Nakasato and Henderson
Managers on the part of the Senate

Representatives Takamine, Souki, Bellinger, Yoshimura and Marumoto
Managers on the part of the House

Conf. Com. Rep. No. 47 on S.B. No. 398

The purpose of this bill is to transfer all rights, powers, functions, and duties relating to the Molokai, Waimanalo, and Lalamilo Irrigation Systems from the Department of Land and Natural Resources to the Department of Agriculture.

Your Committee finds that if a State Water Code is to be enacted, it may be necessary to separate the powers of water development and water use from the powers of water regulation, in accordance with the State Constitution. Therefore the Department of Land and Natural Resources may be required to relinquish its development responsibilities for water. Inasmuch as the three state irrigation systems service agricultural users, and the agricultural park program

has already been transferred to the Department of Agriculture, the transfer of the irrigation systems to the Department of Agriculture would allow better coordination of these services.

This bill also establishes an Engineering Program Manager position in the Department of Agriculture.

Your Committee finds that the Department of Agriculture has no administrative or technical background or expertise in the management and operation of irrigation systems. Each irrigation system is operated by an Irrigation District Manager and a staff of service workers and general laborers, all of whom are supervised by an Engineering Program Manager. Transfer of the irrigation system officers and employees as provided by the bill will require the establishment of a new position of Engineering Program Manager in the Department of Agriculture.

Your Committee upon further consideration has amended S.B. No. 398, S.D. 2, H.D. 2, by adding provisions for:

(1) The transfer of all rights, powers, functions, and duties of the Board of Land and Natural Resources relating to the Molokai, Waimanalo, and Lalamilo Irrigation Systems to the Board of Agriculture;

(2) The transfer of tenured and untenured personnel; and

(3) The bill to take effect two years from the effective date of enactment of a State Water Code, provided that the Department of Agriculture and the Department of Land and Natural Resources begin to prepare the necessary regulation and organizational support to implement the transfer.

Your Committee has also made technical, nonsubstantive amendments to this bill, primarily to correct obvious clerical errors.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 398, 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. 398, S.D. 2, H.D. 2, C.D. 1.

Senators Yamasaki, Aki, Matsuura and A. Kobayashi
Managers on the part of the Senate

Representatives Honda, Levin, Souki, Say and Pfeil
Managers on the part of the House

Conf. Com. Rep. No. 48 on S.B. No. 361

The purpose of this bill is to add provisions to the proposed revision of the Hawaii Insurance Code. The more significant provisions of this bill are as follows:

1. To create the Commissioner's Education and Training Fund to compensate or reimburse staff and personnel of the insurance division for education and training;
2. To update a schedule of deposit requirements for paid up capital stock or unimpaired surplus in order for new insurers to qualify to transact any one class of insurance;
3. To provide additional paid up capital stock or additional unimpaired surplus requirements in order for an insurer to qualify to transact additional classes of insurance;
4. To specify the amount of special deposits required of alien and foreign insurers to qualify for a certificate of authority;
5. To establish requirements for a domestic mutual property insurer to apply for a certificate of authority, and to raise the surplus requirements;
6. To establish requirements for a domestic mutual casualty insurer to apply for a certificate of authority to transact casualty insurance, including vehicle insurance, and to raise the surplus requirements;
7. To establish requirements for a domestic mutual vehicle insurer to apply for a certificate of authority to transact vehicle insurance and to raise retained liability and surplus requirements;
8. To establish requirements for a domestic mutual life insurer to apply for a certificate of authority and to raise the amount of total maximum insurance, premium, and surplus

requirements;

9. To establish requirements for a domestic mutual disability insurer to apply for a certificate of authority and to raise premium and surplus requirements;
10. To reduce the percentage amount of the required investments for capital and surplus;
11. To specify the investments allowed to an insurer and to raise the seller's equity requirement;
12. To raise the amount of loans secured by real property that an insurer may make or acquire;
13. To increase the investment limit for an insurer other than a life insurer;
14. To allow domestic insurers who are required to pay taxes for doing business in a foreign state a credit for up to 100 per cent of the tax paid if the tax is greater than the amount paid by insurers domiciled in the foreign state;
15. To provide a duty to report insurance independently procured from unauthorized insurers to the Commissioner and to pay taxes on premiums paid to unauthorized insurers;
16. To specify requirements for the filing, approval, and withdrawal of forms and premium rates for credit life insurance and credit disability insurance;
17. To provide increased liability coverage for required motorcycle and motor scooter policies;
18. To require of every insurer, save for certain inland marine risks, rate filings to the Commissioner, to be accompanied by a \$20.00 fee which shall be deposited to the Commissioner's Education and Training Fund;
19. To specify the powers and duties of the property and liability insurance guaranty association;
20. To require a title insurer to have minimum capital of not less than \$400,000;
21. To require a title insurer to deposit \$400,000 into a guarantee fund held by the Commissioner;
22. To require a reinsurance reserve be maintained by a domestic title insurer for the protection of holders of title insurance policies; and
23. To require domestic title insurers to establish reserves against losses and loss expenses.

Your Committee upon further consideration has amended this bill by:

1. Changing the requirement that funds or capital be deposited in a depository within the State as designated by the director of finance, to require instead that they be deposited in a federally insured financial institution within the State;
2. Establishing a rate of 4.68 per cent for the tax on gross premiums paid to unauthorized insurers;
3. Requiring rate and other filings for motor vehicle insurance to be made thirty rather than sixty days before the proposed effective date;
4. Requiring all claims under the policies covered by the association not to exceed the stated policy limit of the insolvent insurer under the policy from which the claim arises;
5. Changing the effective date provision to provide that the bill takes effect on July 1, 1988, only if H.B. No. 410, H.D. 1, S.D. 1, C.D. 1, in any form passed by the Legislature, Regular Session of 1987, becomes an Act;
6. Making technical, nonsubstantive amendments to correct obvious typographical errors.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 361, S.D. 3, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 361, S.D. 3, H.D. 1, C.D. 1.

Senators Yamasaki, Blair, Cobb and Ikeda
Managers on the part of the Senate

Representatives Hirono, Souki, Andrews, Hiraki and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 49 on H.B. No. 1138

The purpose of this bill is to establish a law for the regulation of dams and reservoirs including the establishment of powers and duties of the Board of Land and Natural Resources with respect to dam safety. Hawaii is one of three states which lack dam safety regulations and your Committee finds that such regulation is necessary for the protection of person and property.

This bill provides for the inspection and regulation of construction, operation, and removal of certain dams in order to protect the health, safety and welfare of the citizens of the State by reducing the risk of failure of such dams and reservoirs. This bill also established a dam safety program in Hawaii.

The bill has been amended by deleting the language in section -4(b)(1) and (2) of Senate Draft 1 concerning limitation of liability. A provision providing that an owner or operator shall not be liable for damages as a result of only natural disasters such as earthquakes, hurricanes, or extraordinary rains of an average recurrence interval in excess of every two hundred fifty years has been substituted. It should be made clear, however, that it is not the intent of the Legislature in this bill to excuse an owner or operator of a dam or reservoir from responsibility for damages resulting from negligent conduct.

Section -5(b) specifies that the rules and orders promulgated under this Act regarding design and construction will not be required of owners of dams, reservoirs and appurtenant works existing on the effective date of this Act; however, the rules and orders adopted which establish standards consistent with such design and construction for the operation, maintenance, and repair of dams and reservoirs are applicable to those dams, reservoirs and appurtenant works in existence on, and those constructed after, the effective date of this Act.

Your Committee has also made some technical amendments for clarification purposes.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1138, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1138, S.D. 1, C.D. 1.

Senators Yamasaki, Aki, Matsuura and A. Kobayashi
Managers on the part of the Senate

Representatives Levin, Souki, D. Ige, Tajiri and Isbell
Managers on the part of the House

Conf. Com. Rep. No. 50 on S.B. No. 389

The purpose of this bill was to extend the Board of Examiners in Naturopathy and strengthen the laws relating to licensing of naturopathic physicians.

Specifically the bill:

- (1) Extends the Board until December 31, 1993;
- (2) With regard to the education of an applicant, replaces the requirement that the school of naturopathy from which the applicant graduated be accredited by a regional accrediting body approved by the Board or the Commission on Accreditation of the Council of Naturopathic Medical Education, incorporated in Washington, D.C., with a requirement that the school has received candidacy status with, or has been accredited by, a professional accrediting agency recognized by the U.S. Department of Education;
- (3) Deletes from the powers of the Board the preparation and administration of examinations;
- (4) Deletes the list of subjects for the naturopathy examination;
- (5) Requires a converted score of seventy percent on the entire examination; and
- (6) Requires an applicant to pass a written examination that has been developed by a

professional testing agency that is able to demonstrate the validity and reliability of the examination selected by the Board.

Your Committee, after discussion and upon consideration, has amended the bill as follows:

- (1) The current accreditation requirement for schools of naturopathy has been retained until January 1, 1990, after which such schools must have accreditation from a professional accrediting agency recognized by the U.S. Department of Education;
- (2) The passing score on the examination has been set at a converted score of seventy-five percent on the entire examination; and
- (3) Section 455-1, Hawaii Revised Statutes (HRS), has been amended to clarify the definition of naturopathy.

Your Committee notes that there was some discussion to further amend the definition of naturopathy to allow naturopathic physicians to order x-rays, but not apply them. It is your Committee's understanding that, under the present law, which excludes the application of x-rays from the scope of the practice of naturopathy, naturopathic physicians are prohibited from taking x-rays but are allowed to order x-rays provided that the x-rays are interpreted by a licensed radiologist.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 389, 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. 389, S.D.1, H.D. 1, C.D. 1.

Senators Cobb, Blair and A. Kobayashi
Managers on the part of the Senate

Representatives Hirono, Bellinger, Hiraki, Takamine and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 51 on S.B. No. 518

The purpose of this bill is to assure proper health supervision of children in families with health insurance.

This bill would require all individual and group accident and sickness insurance policies issued in this State, individual or medical service plan contracts, nonprofit mutual benefit associations, and health maintenance organizations which provide coverage for a family member, to provide coverage for child health supervision services from the moment of birth through age five. The coverage would include a history, physical examinations, development assessment, anticipatory guidance, and appropriate immunizations and laboratory tests, in keeping with prevailing medical standards.

Your Committee finds that child health supervision services will provide preventive health care to children while still in their formative years and will reduce illness and other health problems in later years. Your Committee believes that health promotion and disease prevention services are important elements of a comprehensive health care delivery system and that early intervention with children will provide long-term benefits to the overall health of our population.

Your Committee has amended the bill by clarifying that child health supervision shall be a mandatory option, rather than a requirement, for all policies which cover the children of the insured, and has added the phrase "as defined by section 457-2 ("registered nurse")" after the words "nurse-delivered services" on page 2, line 17 (page 2, lines 14-15 of the conference draft), to conform to the language proposed for the new section in chapter 433, Hawaii Revised Statutes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 518, 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. 518, S.D. 2, H.D. 2, C.D. 1.

Senators Cobb, B. Kobayashi and Ikeda
Managers on the part of the Senate

Representatives Shon, Hirono, Arakaki, Hireki and Ribellia
Managers on the part of the House

Conf. Com. Rep. No. 52 on S.B. No. 1007

The purpose of this bill is to specify the conditions under which informed written consent for human immunodeficiency virus (HIV) antibody testing must be obtained.

Your Committee finds that there is a need to safeguard the disclosure of test information by means of informed written consent because of the serious nature of the HIV antibody test and its potential adverse or discriminatory ramifications.

Exceptions to the requirement of informed written consent would be allowed for the use of anatomical gifts for scientific purposes; legitimate scientific or medical research (as long as the identity of the test subject is safeguarded); anonymous testing carried out at HIV test sites, in which case only informed oral consent would be required; and for testing of body fluids or tissue which is ordered by a third party.

In addition, confidentiality of all records would be provided by reference to section 325-101, Hawaii Revised Statutes, and violations of the informed written consent requirements would be punishable by a fine of not less than \$1,000 nor more than \$10,000 for each violation, plus reasonable court costs and attorney's fees payable to the person whose records were released.

Your Committee, in order to further safeguard against the inappropriate disclosure of test information and protect the health of test subjects and health care providers, has amended the bill as follows:

- (1) Clarified that the exception to informed written consent for disclosure to third parties shall only be granted so long as the third party, including but not limited to insurance companies, employers, and schools, obtains the informed written consent of the person to be tested authorizing release of the test results to the third party, and transmits a signed copy of the written informed consent to the health provider prior to any release of the requested test results to the third party;
- (2) Authorized exceptions when there is reason to believe that the safety of the client may be in imminent jeopardy because of possible HIV infection;
- (3) Authorized exceptions when there is reason to believe that the safety of a health care provider may be in imminent jeopardy due to exposure to the blood or bodily fluids of a patient suspected of HIV infection. Exposure may consist of a prick of a needle, blood exposure to a wound during surgery or any other medical procedure, or bodily fluid exposure due to a splash accident or contact on a mucosal surface or open wound; and
- (4) Provided that no health care provider, blood bank, plasma center, or any other public or private agency, institution, or individual who in good faith provides results of any HIV test to a specified third party in response to an informed written consent, shall be in violation of confidentiality requirements if the test results later prove to be false or otherwise defective.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1007, 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. 1007, S.D. 1, H.D. 2, C.D. 1.

Senators B. Kobayashi, Matsuura and George
Managers on the part of the Senate

Representatives Shon, Metcalf, Hayes, Leong and Cavasso
Managers on the part of the House

Representative Cavasso did not sign the report.

Conf. Com. Rep. No. 53 on S.B. No. 1278

The purpose of this bill is to exempt from the requirements of section 465-7(2), Hawaii Revised Statutes, any person whose doctoral degree was conferred and application filed with the Board of Psychology in 1985, provided that the Board shall consider the certification of the graduate division of the University of Hawaii that the applicant's degree is equivalent to a doctoral degree granted from a regionally accredited institution.

Your Committee finds that this bill was intended to address the problem of a small number of applicants who claim that they did not qualify for licensure after Act 115, Session Laws of Hawaii 1985, changed the statutory educational requirements for licensure. Act 115 required applicants to hold a doctoral degree from a training program approved by the American Psychological Association or from a regionally accredited institution of higher education. The Board of Psychology, on the other hand, argues that Act 115 merely clarified, but did not

change, the educational requirements for licensure.

It is the intent of your Committee to resolve this dispute concerning this small number of applicants by limiting the effect of this bill to only those applicants who filed applications in 1985 but were informed that they did not meet the requirements under Act 115. This bill is meant to remedy the legal questions arising from those actions. Your Committee does not intend to address the question of whether or not accreditation or any of the other educational requirements of licensure are appropriate, nor set any precedent for further exempting any other applicants from the requirements of Chapter 465, Hawaii Revised Statutes. Your Committee emphasizes that this bill is not to be seen as a back door entry circumventing the requirement for accreditation.

Your Committee, upon consideration, has amended S.B. No. 1278, H.D. 1, by providing a three year repeal clause, as this bill is intended to apply only to a narrow group of applicants for a limited period of time.

Your Committee also made technical non-substantive changes and added a heading for the proposed new section, to conform to recommended drafting style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1278, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1278, H.D. 1, C.D. 1.

Senators Cobb, Blair and Ikeda
Managers on the part of the Senate

Representatives Hirono, Cachola, Hayes, Hiraki and Hemmings Jr.
Managers on the part of the House

Representative Cachola did not sign the report.

Conf. Com. Rep. No. 54 on H.B. No. 1227

The purpose of this bill is to appropriate \$250,000 to the Department of Planning and Economic Development for a study on the feasibility of establishing a space industry in Hawaii and \$50,000 to support the International Space Conference to be held in Hawaii in August, 1987.

Your Committee agrees to provide funding in full for the feasibility study, funds for the International Space Conference, and additional funding, for a total of \$450,000.

After funding the feasibility study and the International Space Conference, approximately \$105,000 will remain available. These funds are to be used to begin follow-up studies as may be indicated as a result of the findings of the initial feasibility study, and for informing the public of the State's space-related plans and to receive the community's input. The Department of Planning and Economic Development is encouraged to solicit additional resources from the private sector and other governmental entities in order to fully accomplish these objectives.

Your Committee has amended this resolution by reorganizing existing sections and language of the bill. Your Committee has added "study of the potential impact of a space facility on the astronomical facilities on Mauna Kea" to the list of areas to be considered in the study. This was done by inserting a new number twelve (12) and renumbering the areas designated for study. The words "a satellite launch facility and" have been deleted from page 5, line 2; the words "a major space center" remain. Your Committee has also amended the appropriation paragraph to appropriate \$450,000, in general, to be expended by the Department of Planning and Economic Development for purposes of this Act.

Your Committee on Conference is in accord with the purpose and intent of H.B. No. 1227, 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. 1227, H.D. 2, S.D. 2, C.D. 1.

Senators Yamasaki, Chang and Ikeda
Managers on the part of the Senate

Representatives Levin, Souki, Hashimoto, D. Ige and O'Kieffe
Managers on the part of the House

Conf. Com. Rep. No. 55 on H.B. No. 1849

The purpose of this bill is to prevent the potential contamination of ground water resources

with pesticides by prohibiting the mixture of pesticides with water which can occur when a pesticide mixing tank is connected with a hose with a well-head.

Your Committee has agreed it is appropriate to place this amendment in the Pesticide Law, Chapter 149A, rather than the Safe Drinking Water Act, Chapter 340-E, because, while we are trying to protect the water supply, it is the safe mixing of pesticides we are trying to control. Potable drinking water wells are protected under Chapter 340-E. Placing this amendment in Chapter 149A will assure the administration of the law by the Department of Agriculture to prevent contamination of irrigation wells. The Department should include this requirement in its pesticide applicator's training program and provide for field checking by DOA's pesticide inspectors.

Your Conference Committee has made a technical change of no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1849, 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. 1849, H.D. 1, S.D. 1, C.D. 1.

Senators Hagino, Solomon and Reed
Managers on the part of the Senate

Representatives Levin, Andrews, Bunda, D. Ige and Isbell
Managers on the part of the House

Conf. Com. Rep. No. 56 on S.B. No. 255

The purpose of this bill is to ensure that the guidelines for establishing the amount of child support are fair, reasonable and balanced with respect to the standard of living of both the parents and the child.

Your Committee upon further consideration has amended the bill to provide that the guidelines may include consideration of the following:

1. To avoid extreme and inequitable changes in either parents income depending on custody;
2. If any obligee parent (with a school age child or children in school), who is mentally and physically able to work, remains at home and does not work, 30 (or less) hours of weekly earnings at the minimum wage may be imputed to that parent's income.

In addition the bill has been amended to add that the guidelines shall be "to simplify the calculations as much as practicable.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 255, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 255, H.D. 1, C.D. 1.

Senators Hee, Cobb, Kuroda, J. Wong and George
Managers on the part of the Senate

Representatives Metcalf, Hayes, Hirono, Shito and Hemmings Jr.
Managers on the part of the House

Representative Hemmings Jr. did not sign the report.

Conf. Com. Rep. No. 57 on S.B. No. 456

The purpose of this bill is to establish a definition of "thrill craft" under the boating law, prohibit a person of less than fifteen years of age from operating a thrill craft, and defining an occurrence resulting in \$200, instead of \$100, of vessel damage as a "boating accident".

Both Houses are in agreement that the operation of thrill crafts by persons under fifteen years of age should be prohibited. At least one death has occurred from the operation of a thrill craft by a very young person. Your Committee finds that the safe use of a thrill craft requires a certain degree of maturity and physical skill and that the age restriction in the bill reflects that degree and is necessary to protect the public health and safety.

The bill has been amended as follows:

- (1) Provisions have been added to the new section in chapter 267, Hawaii Revised Statutes, to require the Department of Transportation by rules to designate areas in

which thrill crafts may be operated and to prohibit, from July 1, 1988, a person from operating a thrill craft in the waters of the State, except in areas designated by the department and through areas designated by the department as avenues for ingress from and egress to the shore.

- (2) A new section has been included to amend section 267-4, Hawaii Revised Statutes, to require the Department of Transportation to adopt rules to designate the areas.

The nature of thrill crafts require their operation in calm, nearshore waters, which are also used by persons engaged in nonmotorized water activities, such as swimmers, divers, and paddlers. Because of the size and speed capability of thrill crafts, nonnecessity of any appreciable skill for operation, and lack of operator qualifications, swimmers, divers, and paddlers are exposed to serious injury or death when thrill crafts are in the vicinity. Thus, your Committee finds that the commingling in waters of thrill crafts and persons engaged in nonmotorized water activities is a threat to the public health and safety, justifying strict regulation.

Moreover, your Committee finds that thrill crafts have caused a significant deterioration of the environment. They are extremely noisy and leave a turbulent wake, resulting in the reduction of the pleasure of others engaged in water activities, driving away or otherwise disturbing aquatic life, and erosion of Hawaii's valuable shoreline.

For these reasons, your Committee finds that the protection of the public health and safety and preservation of the general welfare require the prohibition of thrill craft operation in the waters of the State, except in areas and avenues for ingress and egress designated by the Department of Transportation. It is the intent of your Committee that the areas in which thrill crafts may be operated, other than the avenues of ingress and egress, be designated in a manner that preserves safety in, or prevents extreme disturbance of, the following areas: areas customarily used by swimmers, divers, and paddlers; areas where fishing, net laying or throwing, or crabbing is conducted, popular beaches; commercial and small boat harbors; reefs which are the habitats of aquatic life; marine sanctuaries and reserves; and the spawning, mating, or feeding grounds or migratory routes of aquatic life.

It is also the intent of your Committee that the areas designated as avenues for ingress and egress: be narrow and linear to the extent possible; not transverse areas customarily used by swimmers, divers, and paddlers; not proceed through marine sanctuaries and reserves or the spawning, mating, or feeding grounds or migratory routes of aquatic life; and be used by thrill craft operators only to enter and leave the areas designated for operation. Your Committee does not intend that thrill crafts be allowed to run circles or patterns or remain for long periods in the avenues for ingress and egress.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 456, 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. 456, S.D. 1, H.D. 2, C.D. 1.

Senators Holt, Solomon and Ikeda
Managers on the part of the Senate

Representatives Bunda, Oshiro, Bellinger, Hashimoto and O'Kieffe
Managers on the part of the House

Conf. Com. Rep. No. 58 on H.B. No. 410

The purpose of this bill is to update and revise Hawaii's insurance laws. In 1985, the Legislature provided funds to the Insurance Commissioner for a comprehensive review of the State's insurance laws. The Legislature was concerned with the problems of insurance, such as its high cost, lack of availability, and affordability for certain risks. Furthermore, several insurance companies, national and domestic, had failed in the recent past.

The report, "A Revised and Consolidated Insurance Laws of the State of Hawaii" was submitted to the 1987 Session and provided the basis for the bill.

H.B. No. 410 was introduced as a complete revision of the insurance laws of the State. Existing chapters 294, and 431 through 435 were compressed into new Chapters 431 and 432. The existing chapters were grouped into twenty distinct articles, and further subdivided into parts.

H.B. No. 410 differs from the report in a number of areas. This was due to the Insurance Commissioner's decision to remove provisions where changes of significance were proposed. Those changes were either placed in two companion bills, H.B. No. 1526 and S.B. No. 1525, and

H.B. No. 1524 and S.B. No. 361, or removed entirely from consideration. It was intended that these companion measures would receive appropriate public hearings during which ample opportunity could be provided for discussion and debate.

On the other hand, H.B. No. 410 was designed to invite relatively little debate, its length and noncontroversial nature was intended to result in few changes. Nonetheless, all parties interested in the revision, as well as members of the committees, were encouraged to provide suggested changes to the Commissioner so that these matters could be discussed during conference.

During Conference Committee discussion the Insurance Commissioner provided six pages of proposed changes to this bill. Most of the proposed changes were suggested by representatives of the insurance industry. In addition, your Committee considered other significant changes and made amendments as follows:

(1) Article 16 was amended to provide that meetings of guaranty associations will be open to member insurers, unless meetings and records pertain to solvency, liquidation, or rehabilitation of a member insurer. Member insurers may designate representatives to board meetings, provided the designation is in writing;

(2) Section 431:2-213, which provides for immunity for the insurance commissioner and employees of the insurance division was deleted;

(3) Full and accurate written disclosure of an insurer's profits will be required to be given to the Commissioner;

(4) Prior to recoupment, each insurer will be required to submit its plan for recoupment to the commissioner. It is intended that the commissioner not have the right to approve this plan, but rather, that such filing disclose any excess or shortfall in the recoupment process;

(5) The premium tax sections have been left unchanged. However, in recognition of the ongoing litigation and the need for reform in this area, the Legislative Reference Bureau is to coordinate the development of alternative tax provisions for consideration during the next Legislative session. If no tax measure is developed, the Legislature intends to impose premium taxes that are equalized;

(6) The effective date of this bill was extended to July 1, 1988 in recognition of the magnitude of this project. It is expected that the Insurance Commissioner will meet during the interim with interested parties and review amendments, deletions or changes for consideration by the Legislature during the 1988 session.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 410, 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. 410, H.D. 1, S.D. 1, C.D. 1.

Senators Cobb, Blair, Hee and Ikeda
Managers on the part of the Senate

Representatives Hirono, Souki, Hiraki, Shito and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 59 on S.B. No. 5

The purpose of this bill is to establish a department of corrections which shall be responsible for the formulation and implementation of state policies and objectives for adult correctional programs and for the administration and maintenance of all adult correctional facilities and services. The bill provides for the placement of the criminal injuries compensation commission, the Hawaii paroling authority, and the Hawaii criminal justice commission under the department of corrections for administrative purposes. The bill also transfers the intake service centers, the capitol security guards, and the judiciary's functions relating to the transport of correctional facility inmates for required court appearances to the department of corrections.

Your Committee upon further consideration has agreed that the department of corrections should start on a small scale, including primarily the corrections component of the department of social services and housing. Accordingly, the transfer of probation and parole supervision and state law enforcement functions have not been included in the new department. For the same reason the sweeping changes to the correctional industries program have also been excluded from this bill. Your Committee has made the following amendments to the bill:

- (1) Youth corrections functions have been temporarily placed in the department of corrections for a period of two years during which time an interdisciplinary committee shall study the issue of proper organizational placement of juvenile corrections with due consideration to the State's philosophy on treatment of juveniles.
- (2) The criminal justice data center has been removed from the bill and will remain with the department of the attorney general.
- (3) State law enforcement officers have been removed from the bill and will remain with the department of the attorney general.
- (4) A provision was added to the bill to clarify the authority of the Hawaii paroling authority in revoking or suspending parole when it believes that the parole violation presents a risk to community safety or a significant deviation from any parole condition.
- (5) A provision from the Senate version was added concerning the transmittal of certain records to the department of corrections when a child is committed by the family court to the care of the director of corrections.
- (6) A provision from the Senate version was added to designate the director of corrections instead of the director of social services as a member of the juvenile justice interagency board.
- (7) The provisions extending the life of the criminal justice commission to 1992 and amending the commission's functions were deleted.
- (8) The provision authorizing the deputy director of the department of social services and housing to name a designee to be the acting director of corrections pending the appointment of the director of corrections was deleted.
- (9) Technical, nonsubstantive changes were made for purposes of correcting typographical errors, clarity, and style.

In agreeing to the temporary two-year placement of youth corrections within the department, your Committee feels that further study is needed to resolve the issues concerning the philosophy of youth corrections and its proper organizational placement. There are those who believe that most of the youth who are placed within the Hawaii youth correctional facility are the most incorrigible juveniles; therefore, security is an important component. A social services department may be ill-equipped to provide security and treatment programs for hard-core youths who, in some instances, are more difficult to deal with than some adult offenders. On the other hand, there are those who feel very strongly that the potential for rehabilitation with youthful offenders is far greater than with adult offenders; therefore, greater emphasis on educational, vocational, social counseling, and other rehabilitative programs is required. A corrections department may not have the full range of social services-oriented staff nor the proper philosophical atmosphere to provide such programs. Your Committee also recognizes that while Hawaii's juvenile justice laws are skewed toward a rehabilitative treatment approach, current policies and practices relating to youth corrections do not consistently facilitate and promote rehabilitation.

Your Committee is hopeful that the interdisciplinary committee established in this bill will provide the proper forum to thoroughly examine these youth corrections concerns and recommend appropriate actions for the final resolution of the organizational placement of youth corrections.

Your Committee believes that the placement of youth corrections in the department of corrections, at this time, is the most appropriate and feasible course of action. If youth corrections remains in the department of social services and housing, the department would not be equipped to handle youth corrections as the corrections division support staff would be transferred to the department of corrections.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 5, S.D. 2, H.D. 3, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 5, S.D. 2, H.D. 3, C.D. 1.

Senators Menor, Yamasaki, Hee, J. Wong and Reed
Managers on the part of the Senate

Representatives Crozier, Hagino, Metcalf, Souki and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 60 on S.B. No. 619

The purpose of this bill is to require all private firms engaged in the activity of cesspool pumping to be certified by the State Board of Certification established under Chapter 340B, Hawaii Revised Statutes.

Your Committee finds that numerous wastewater treatment facilities have been experiencing operational problems due to the discharge of prohibited waste into the municipal sewer system. Samples of the wastewater entering the facilities revealed high concentrations of oil and chemical waste products. Investigation of the commercial establishments connected to the sewer systems indicated that much of the prohibited waste discharges were from private cesspool pumping firms.

Currently, only those individuals who operate wastewater treatment plants are required to be certified by the Board of Certification. This bill requires certification and licensure of private firms engaged in activities of cesspool pumping.

Your Committee, upon consideration of this bill and the testimony from the Department of Health, finds that firm standards for certification of private cesspool pumping firms is needed to control the illegal dumping activities of these private firms as well as safeguard the quality of our health and environment. Your Committee has, therefore, amended the bill to strengthen the purpose and intent of this bill as follows:

- 1) Deleted all references to licensure. The provisions relating to licensure have been incorporated into the requirements for certification;
- 2) Amended the new section on certification by requiring private firms to be certified prior to engaging in cesspool pumping; establishing an application procedure; giving the Board rule making authority; establishing reporting requirements for private firms; exempting federal, state and county agencies from the provisions of this new section; and providing for revocation, suspension and denial of certification;
- 3) Deleted Section 3, in its entirety, as the definition of "individual wastewater system" in Chapter 342, Hawaii Revised Statutes, was determined to be unnecessary to further control illegal cesspool pumping by private firms;
- 4) Added brackets to remove existing statutory brackets around "Chapter 340B" in line 4, page 1; and
- 5) Provided that the bill shall take effect upon its approval except for the requirement of firms being certified which shall take effect on January 1, 1988. This will allow the Board time to establish rules and procedures to implement the certification process.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 619, 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. 619, S.D. 1, H.D. 1, C.D. 1.

Senators Hagino, Nakasato and Reed
Managers on the part of the Senate

Representatives Shon, Hagino, Hayes, Kawakami and Ribellia
Managers on the part of the House

Conf. Com. Rep. No. 61 on S.B. No. 957

The purpose of this bill is to allow the Hawaii Paroling Authority to utilize home detention as an alternative to parole and to authorize home detention as a discretionary condition of probation.

Home detention, under which a convicted person is confined to the person's home, is an alternative to incarceration which has been much discussed. The benefits of home detention include: easing of prison overcrowding; reduction of the cost of incarceration of inmates; and appropriateness as a meaningful sentence for first time offenders convicted of nonserious crimes. Other traditional approaches, such as suspended sentences, probation, and parole, have sometimes been unsatisfactory because of inadequate supervision of convicted persons. Although home detention also requires some supervision, the extent required is less.

Your Committee, however, is not prepared to endorse at this time the use of home detention to reduce the prison population, as some corrections reformers recommend. Your Committee does not intend, because of public safety considerations, that home detention be used to place

on probation or release early, convicted persons who are in need of intensive supervision or who are not eligible or qualified for parole. Although technology, such as electronic wristlets, has been used in other jurisdictions to ensure intensive supervision under home detention, Hawaii has not reached a similar level of technological sophistication or expertise. Moreover, both the probation and parole offices lack adequate staffing to provide the level of supervision which would make home detention a viable alternative to incarceration or the granting of parole.

A pilot program is now being conducted by the Intake Service Center on the monitoring of pre-trial detainees by electronic wristlets. Your Committee wishes to evaluate the program prior to enlarging the scope of home detention.

Your Committee, upon consideration of this bill, finds that home detention should be a discretionary condition of probation in order to give the sentencing court the authority to impose an additional restriction on a probationer short of incarceration. Your Committee does not intend a court to use home detention as justification to sentence a convicted person to probation if the person would not otherwise be sentenced to probation under the existing discretionary conditions. In addition, your Committee finds that the court should retain the discretion to permit the probationer to travel to other areas.

Based on the foregoing, your Committee has amended the bill by deleting Section 1 of the bill in order to eliminate home detention as an alternative to parole. Further, Section 2 of the bill was deleted as it made no substantive amendments to section 353-66, Hawaii Revised Statutes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 957, 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. 957, S.D. 1, H.D. 1, C.D. 1.

Senators Menor, J. Wong and Reed
Managers on the part of the Senate

Representatives Hagino, Arakaki, Metcalf, Tom and Cavasso
Managers on the part of the House

Conf. Com. Rep. No. 62 on S.B. No. 815

The purpose of this bill is to require that every legislative measure proposing to mandate health insurance coverage for specific health services be accompanied by a report by the Legislative Auditor assessing the social and financial aspects of the proposed measure.

Over the years, various health care providers or proponents have introduced an increasing number of legislative proposals to mandate coverage of various services in health insurance or health plan contracts. This bill would provide for a systematic review of proposed mandatory health coverages, evaluating all ramifications of the proposed legislation, to assist legislators in determining whether mandating coverage of a particular health service is in the public's best interest. Your Committee finds that an independent review would be of particular utility in instances where proponents and opponents of such legislation provide differing cost estimates of the proposed health insurance coverage.

Your Committee further notes that the 1987 Legislature is considering several measures which would mandate new health insurance coverages. The measures include:

- (1) S.B. No. 518, S.D. 2, H.D. 2, which would mandate child health supervision services;
- (2) S.B. No. 1173, H.D. 1, and its companion H.B. No. 343, which would mandate health insurance coverage for chiropractic service; and
- (3) S.B. No. 986, S.D. 2, H.D. 1, and its companion H.B. No. 885, which would mandate health insurance coverage for alcohol and drug abuse and mental health treatment services.

In view of the potential social and financial impact of these measures on the consumers of this State, your Committee believes it appropriate to require that the three above-referenced measures and their companions undergo the "sunrise" review proposed in this bill and has therefore amended the bill to require a study on these bills in 1987.

Your Committee has further amended the bill by adding an appropriation of \$50,000 to the Legislative Auditor's office for the purpose of implementing the study for the above-referenced bills; designating the Legislative Auditor as the expending agency for the appropriation; requiring the Legislative Auditor to submit a report of its findings and recommendations to the legislature in 1988; and changing the effective date to July 1, 1987.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 815, 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. 815, S.D. 1, H.D. 2, C.D. 1.

Senators Cobb, Blair, B. Kobayashi, Matsuura and Ikeda
Managers on the part of the Senate

Representatives Shon, Hirono, Hiraki, Tom and Ribellia
Managers on the part of the House

Conf. Com. Rep. No. 63 on S.B. No. 1525

The purpose of this bill is to make substantive changes, as proposed by the Insurance Commissioner, to H.B. No. 410, H.D. 1, which represents the complete rewrite of Hawaii's insurance laws. The more significant changes proposed by this bill would:

- (1) Establish a definition of general business practice;
- (2) Establish grounds for the Insurance Commissioner to refuse, suspend, or revoke an insurer's certificate of authority after a hearing;
- (3) Allow a domestic insurer to effect or maintain bonafide hedging transactions;
- (4) Permit an insurer to invest in a bank's common trust fund and mutual funds and allow the creation of separate accounts from which retirement and pension plans may be established;
- (5) Establish the criteria governing when a domestic insurer may organize or acquire subsidiaries;
- (6) Establish the criteria and procedures for the making of motor vehicle insurance rates;
- (7) Create a new article relating to the establishment and regulation of an insurance holding company system;
- (8) Require that all policy revisions which alter coverage shall be filed with the Commissioner;
- (9) Provide the procedure for a domiciliary liquidator's proposal to distribute assets after a final determination of insolvency by an insurer and the priority of distribution of claims from the insurer's estate;
- (10) Require an association to submit a plan of operation to the Commissioner; and
- (11) Provide the criteria for the use of reinsurance reserves in liquidation, dissolution or insolvency.

This bill was submitted as part of a comprehensive review of the current insurance law. Your Committee finds that the changes to the law proposed in this bill will improve the regulation of insurance in the State.

Your Committee, upon consideration, has amended this bill as follows:

- (1) Added an effective date of July 1, 1988 rather than upon approval only if H.B. No. 410, H.D. 1, S.D. 1, C.D. 1, in any form passed by the Legislature, Regular Session of 1987, becomes an Act, in lines 11-14, page 87;
- (2) Added after the word "practice," "any act" in line 18, page 2, to provide clarification on this provision;
- (3) Deleted after the word "article" the number "3" and substituted number "1" in its place, to correct a typographical error that was left undetected from an earlier draft, on page 25, line 14;
- (4) Deleted after the word "prescribed," the sentences from "For purposes of this section" to the end of subsection (a), in lines 16-22, page 33 and lines 1-9, page 34, to correct a typographical error that was left undetected from an earlier draft; and
- (5) Deleted after the word "therein," the sentence from "In applying the competitive standard" to the end of subparagraph (B), in lines 17 to 22, page 41 and lines 1-10,

page 42 to correct a typographical error that was left undetected from an earlier draft.

The bill has been further amended to make technical, non-substantive changes for the purpose of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1525, 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. 1525, S.D. 2, H.D. 1, C.D. 1.

Senators Cobb, Blair, Nakasato and Ikeda
Managers on the part of the Senate

Representatives Hirono, Andrews, Hiraki, Shito and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 64 on S.B. No. 92

The purpose of this bill is to repeal Chapter 186 of the Hawaii Revised Statutes.

Your Committee recognizes that in 1978, authority over real property taxes was transferred to the counties and therefore the state authority to grant exemptions no longer exists. However, your Committee believes that Chapter 186 can provide other benefits.

For instance, your Committee finds there are justified concerns among landowners that environmental constraints may prevent them from harvesting a timber crop. This concern causes landowners to hesitate to invest in site preparation and tree planting. The process of dedicating a tree farm requires the landowner to provide a tree farm management plan for board review and acceptance. Environmental concerns will be considered by the board during management plan reviews. Acceptance of a management plan and dedication of a property as a tree farm will provide the landowner assurance that the BLNR formally recognizes the property will be managed as an industrial forest and that harvesting in accordance with the management plan will be permitted by the board.

Your Committee upon further consideration has made the following amendments:

- (1) The eligibility requirements for tree farm property were amended so that land zoned for agricultural use or dominated by planted tree species may be eligible for tree farm classification;
- (2) Development of tree farms is defined to include seeding, planting of seedlings, or other approved reforestation techniques;
- (3) The classification of property as tree farm property is made contingent upon a finding by the board of land and natural resources that use will not disrupt a native forest ecosystem;
- (4) Section 186-4 (classification of tree farm property) was amended to provide that the failure to apply for or receive approval of classification as tree farm property shall not preclude other legal uses of the property;
- (5) Technical, nonsubstantive changes were made to the bill, including setting forth in full the sections to be repealed.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 92, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached as S.B. No. 92, H.D. 1, C.D. 1.

Senators Matsuura, Blair, Hagino and A. Kobayashi
Managers on the part of the Senate

Representatives Levin, Andrews, D. Ige, Tajiri and Pfeil
Managers on the part of the House

Conf. Com. Rep. No. 65 on H.B. No. 872

The purpose of this bill is to provide for the licensure of persons who engage in primary activities involving asbestos or asbestos-containing material.

The bill also: (1) lists parameters for establishing licensing requirements which include examination, registration, training, application and disposal requirements; (2) allows the Board

of Contractors, the Department of Commerce and Consumer Affairs, the Department of Health, and the Department of Labor and Industrial Relations to enter a job site for inspection purposes; (3) exempts from the licensing requirements certain activities involving asbestos which are incidental to the primary purpose for which a contractor holds a license if performed in a manner not posing any health hazards; and (4) provides a misdemeanor penalty and a fine not to exceed \$5,000.

Your Committee has amended the bill to allow holders of a classified specialty license C-24, for building, moving, and wrecking work, as well as holders of a classified specialty license only for the removal of asbestos (C-68), to obtain licensure for asbestos work under the requirements of this bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 872, 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. 872, H.D. 1, S.D. 1 (C.D. 1).

Senators Cobb, B. Kobayashi and A. Kobayashi
Managers on the part of the Senate

Representatives Metcalf, Hirono, Hiraki, Takamine and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 66 on H.B. No. 498

The purpose of this bill is to provide for the continued regulation of dispensing opticians and to implement changes in Chapter 458 as recommended by the Legislative Auditor. Significant changes made in this bill include:

- (1) Extending the sunset repeal date of the Board of Dispensing Opticians to December 31, 1990;
- (2) Requiring the Board to meet at least four times a year at quarterly intervals, and specifying that members must attend at least half of the Board meetings each year;
- (3) Deleting the provisions concerning application for a certificate of dispensing optician;
- (4) Inserting provisions for applying for and receiving a license for work as a dispensing optician, including prerequisites, examinations, and issuance requirements;
- (5) Inserting language throughout the bill to regulate those licensed to work as dispensing opticians; and
- (6) Requiring opticians to provide notice to contact lens clients that they should return to the prescribing ophthalmologist or optometrist to ensure proper fit and prescription.

Your Committee has extended the repeal date of the Board of Dispensing Opticians for only a short period of time because it is concerned by the Board's record of inactivity and wishes to see immediate improvements in its performance.

Your Committee has amended this bill by deleting the prohibition of dispensing opticians utilizing the services of an optometrist, physician, surgeon, or other practitioner of any other profession for the purpose of examination or treatment of the eyes.

Your Committee also made technical, nonsubstantive amendments to the bill for consistency.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 498, 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. 498, H.D. 1, S.D. 1 (C.D. 1).

Senators Cobb, B. Kobayashi and Ikeda
Managers on the part of the Senate

Representatives Hirono, Hiraki, Hayes, Shito and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 67 on H.B. No. 492

The purpose of this bill is to extend the Board of Massage (Board) until December 31, 1993.

The bill also:

- (1) Exempts any licensed massage therapist who does not operate a business employing other persons from the requirement for an out-call service license;
- (2) Specifies the academic training required prior to examination for licensure; and
- (3) Requires the Board to submit to the Legislature a proposal on standards of competency for the practical examination for licensure.

Your Committee has amended the bill by:

- (1) Adding a requirement that the three members of the Board with practical experience shall also be actively employed as licensed massage therapists;
- (2) Adding a requirement for Board members affiliated with a school teaching massage to disclose that affiliation;
- (3) Requiring written instead of written or oral examination for licensure.
- (4) Deleting a reiteration that the Department of Commerce and Consumer Affairs or the Board may contract with professional testing services to examine license applicants.
- (5) Eliminating the provision allowing the Department of Commerce and Consumer Affairs and the Board to require license applicants to pay the examination fee directly to a testing agency.

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

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 492, 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. 492, H.D. 1, S.D. 1, C.D. 1.

Senators Cobb, B. Kobayashi, Kuroda and Ikeda
Managers on the part of the Senate

Representatives Hirono, Hiraki, Cachola, Shito and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 68 on S.B. No. 1163

The purpose of this bill is to add a new section to chapter 846, Hawaii Revised Statutes, to authorize the Hawaii Criminal Justice Data Center to assess fees for services.

This bill will allow the Hawaii Criminal Justice Data Center to assess a fee for each service provided, including criminal history record checks, processing applications for the expungement of arrest records, and accessing State criminal justice information. Exceptions to the above fees will be made for criminal justice agencies and State and County agencies.

The Senate Committee on Judiciary amended the original bill by deleting the section relating to the composition of the Criminal Justice Data Interagency Board and the section amending the title of the head of the Hawaii Criminal Justice Data Center.

The House however, amended S.B. 1163, S.D. 1, by reinserting the language of the original bill. The House concurred with the Department of the Attorney General that the amendment relating to the membership of the Interagency Board will clarify the composition of the board and provide that membership on the board will terminate automatically upon termination of employment with a member agency or reassignment to nonadministrative or other functional responsibilities for their respective agencies. The House Judiciary Committee also concurred with the amendment to change the title of the head of the Hawaii Criminal Justice Data Center from director to administrator to conform with the civil service classification for that position.

Your Committee amended this bill by deleting the phrase "of social services and housing" on page 3, lines 2-3. The original language of the bill provided that the "deputy director of the state department of social services and housing overseeing the corrections functions" shall serve as an ex officio member of the Interagency Board. This amendment was made to accommodate other legislation which may remove the corrections functions from the department of social services and housing.

Your Committee also made certain technical, nonsubstantive amendments for purposes of

style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1163, 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. 1163, S.D. 1, H.D. 1, C.D. 1.

Senators Hee, Holt, Kuroda, J. Wong and George
Managers on the part of the Senate

Representatives Metcalf, Souki, Andrews, Hagino and Jones
Managers on the part of the House

Conf. Com. Rep. No. 69 on S.B. No. 576

The purpose of this bill is to require every legislator and legislative employee to report the receipt of certain gifts.

Under the proposed law, legislators and employees would be required to file gift disclosure statements with the State Ethics Commission on June 30 and December 31 of each year. Statements would cover the preceding six months and would be required to include a description of each gift received, the value of each gift, the date each gift was received, the name and address of the person or business from whom each gift was received, and a description of the principal business activity of the person or business from whom each gift was received. The bill excludes from the reporting requirements certain gifts, such as gifts received by inheritance, gifts from certain relatives, gifts that are returned within thirty days, and commercially reasonable loans.

Both House and Senate Judiciary Committees received favorable testimony on this bill from the chairperson of the State Ethics Commission. The Commission believes that the proposed law would complement the gifts section of the State Ethics Code, Section 84-11, Hawaii Revised Statutes, which prohibits legislators or employees from soliciting or accepting any gift under circumstances in which it can reasonably be inferred that the gift is intended to influence the legislator or employee in the performance of official duties or is intended as a reward for any official action. The Commission could review the gifts disclosure statements to determine whether there have been any violations of section 84-11, Hawaii Revised Statutes.

The Commission also believes that there will be a deterrent effect under the proposed law on the donation of large gifts to State employees or legislators because those gifts will have to be reported and the reports are to be public records.

The Commission feels that the public has a right to know the source of large gifts that are given to state employees and legislators. This bill will promote public confidence in State government and public officials because the public will be able to see whether there have been significant influences on certain employees or legislators. To the extent that the disclosures reveal that most State employees and legislators have not received significant gifts, the public can be confident that its officials are not undermining the integrity of State government.

The Senate Judiciary Committee considered the amendments suggested by the State Ethics Commission and amended the original bill in the following respects:

1. In section 84- (a)(1): the words "or gifts" was added to "gift" to provide for gifts from one sources whose aggregate amount would require their disclosure; and the aggregate value of gifts subject to the proposed law was increased from "in excess of \$25" to "in excess of \$100" to eliminate the reporting of relatively small gifts and to be consistent with campaign contribution laws.
2. The language of section 84- (a)(2) was replaced with: "The source of the gift or gifts has interests that may be affected by official action or lack of action by the legislator or employee" to better clarify the standard that will determine when a gift must be disclosed.
3. In section 84- (d)(4) the phrase, "if publicly reported as contributions as required by law" was replaced with "that comply with state law". This would clarify that political campaign contributions that comply with State law are not required to be reported under this gifts disclosure law. As originally written, this section would have exempted only campaign contributions that are publicly reported.
4. A new paragraph (8) was added to section 84- (d) to provide for "Exchanges of equal value on holidays, birthdays, or special occasions" to allow for gift exchanges between State employees or legislators and their friends on special occasions.

5. A new subsection (g) was added to provide that the proposed law shall not affect the applicability of section 84-11, to make clear that the prohibition on the solicitation or receipt of certain types of gifts found in section 84-11 is not in any way affected by the disclosure requirements of this bill.

The House Judiciary Committee amended S.B. 576, S.D. 1, by increasing the minimum monetary value of a gift affected by this bill from \$100 to \$500. House Standing Committee Report No. 1045 stated that the Committee believed the purpose of the bill was to require disclosure of "significant" gifts, and therefore established the minimum monetary value at \$500.

Your Committee upon further consideration had amended this bill by reinstating the original Senate amendment establishing the minimum monetary value of gifts requiring disclosures at \$100. Your Committee finds that this amendment is consistent with campaign contribution laws which require disclosure of cash contributions in excess of \$100. Moreover, the public policy supporting disclosure is the same for both this bill and the campaign contribution laws.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 576, 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. 576, S.D. 1, H.D. 1, C.D. 1.

Senators Hee, Holt, Menor, McMurdo and Reed
Managers on the part of the Senate

Representatives Metcalf, Bellinger, Hayes, Hiraki and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 70 on S.B. No. 1142

The purpose of this bill is to amend Section 11-72, Hawaii Revised Statutes, to allow the State's chief elections officer to employ minors of at least sixteen years of age as precinct workers in the event that adult workers are not available in sufficient numbers.

Your Committee heard testimony from the Office of the Lieutenant Governor, the State's chief election officer, that there are some precincts where it is not always possible to find eligible persons who are willing to work as precinct officials. This bill will allow persons who are at least sixteen years old to be precinct officials. The testimony made it clear that the chief election officer will adopt regulations so that minors will not be placed in charge of a precinct, nor will minors be allowed to staff an entire precinct.

The House of Representatives amended the bill so that the clerk of each county would become the appointing authority, and limited this new procedure to a trial period which would end on December 31, 1988.

Before your Conference Committees met, they received a letter from the Association of County Clerks saying that they did not want to have the authority to appoint precinct officials. Therefore, your Conference Committees have accepted the Senate bill, with an additional change that the trial period will extend to December 31, 1989. The additional year will give the Lieutenant Governor time to evaluate the new system.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1142, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1142, H.D. 1, C.D. 1.

Senators Hee, Kuroda, Menor and Solomon
Managers on the part of the Senate

Representatives Metcalf, Hagino, Hiraki, Shito and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 71 on S.B. No. 97

The purpose of this bill is to allow adopted children to take the family name of either the adoptive parent or the natural parent.

Upon further consideration and review of the Senate and House versions of this bill, your Committee has made the following amendments to S.B. 97, S.D. 1, H.D. 1:

- a) The word "shall" has been changed to "may" to give the Family Court discretion to change the adopted person's name;

b) Adding back the word "adoptive" to define the parents;

c) Adding the two phrases "or that name which is in the best interest of the child" and "or that name which is in the best interest of the adult." These two phrases will give the Court the ability to take into consideration what the best interest of the adopted person may be in the circumstances of the adoption.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 97, 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. 97, S.D. 1, H.D. 1, C.D. 1.

Senators Hee, Chang, J. Wong and Reed
Managers on the part of the Senate

Representatives Metcalf, Cachola, Hayes, Yoshimura and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 72 on S.B. No. 785

The purpose of this bill is to allow the valuation of property or services in Section 708-801, Hawaii Revised Statutes, to be either market value or replacement value, whichever is higher.

Your Committee, upon further consideration, has amended the bill to reword the clause on replacement value to read: "or the replacement cost if the market value of the property or services cannot be determined." Your Committee made this change so it is clear that replacement value can be used only when the property cannot be found, or the value of the property or services cannot be ascertained.

Your Committee deleted the sentence "In the latter case the replacement cost shall be discounted to the approximate age of the subject property." Your Committee has deleted this sentence because replacement cost takes depreciation into account. Your Committee believes adding the sentence on discounting to the approximate age of the property is redundant, and will confuse rather than enlighten.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 785, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 785, H.D. 1, C.D. 1.

Senators Hee, Holt, Kuroda, Menor and Reed
Managers on the part of the Senate

Representatives Metcalf, Cachola, Peters, Yoshimura and Jones
Managers on the part of the House

Conf. Com. Rep. No. 73 on S.B. No. 431

The purpose of this bill is to amend or repeal various provisions of the Hawaii Revised Statutes and the Session Laws of Hawaii for the purpose of correcting errors, clarifying language, correcting references, and deleting obsolete or unnecessary provisions.

The Senate Judiciary Committee deleted section 18 from the original bill which amended the title of section 286-151, Hawaii Revised Statutes. Currently, section 286-151 HRS, is entitled "Implied Consent of driver of motor vehicle to submit to testing to determine alcoholic content of blood." The original bill would have amended this title by adding the words "or drug" between the words "alcoholic" and "content". This proposed revision was deemed to be substantive in effect and therefore not appropriate to the revised bill.

The House Judiciary Committee subsequently amended S.B. No. 431, S.D. 1, by reinserting section 18.

Your Committee upon further review of Section 286-151, Hawaii Revised Statutes, amended the bill by deleting section 18 because there is no substantive language in this section which provides for drug testing of drivers of motor vehicles.

All other provisions in S.B. No. 431, S.D. 1, H.D. 1, are retained in this bill. Therefore your Committee incorporates by reference herein Senate Standing Committee Report No. 562, S.B. No. 431. The report details the statutory sections affected by the bill and the reasons for the changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 431, 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. 431, S.D. 1, H.D. 1, C.D. 1.

Senators Hee, Chang, Holt, J. Wong and Reed
Managers on the part of the Senate

Representatives Metcalf, Andrews, Bellinger, Cachola and Jones
Managers on the part of the House

Conf. Com. Rep. No. 74 on S.B. No. 1072

The purpose of this bill is to allow all regular civil service employees to take leave without pay for employment in exempt positions as hospital administrators or assistant administrators within the Hospitals Division of the Department of Health.

The maximum term for leave under these circumstances is eight years. Upon reinstatement, the civil service employees taking advantage of the leave would receive the same compensation they would have received had they remained in their civil service positions.

This bill will encourage qualified applicants with permanent civil service status to apply for administrator and assistant administrator positions in the County/State Hospitals Division, since they will retain their permanent civil service status and return to their civil service positions when their appointments are terminated.

Upon consideration, your Committee has amended the bill on page 1, line 10 (page 1, line 9 of the conference draft), to limit the scope of the bill to cover hospital administrators and assistant administrators only. The bill has been further amended to make minor language and style changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1072, 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. 1072, S.D. 1, H.D. 2, C.D. 1.

Senators Nakasato, B. Kobayashi and Reed
Managers on the part of the Senate

Representatives Takamine, Souki, Bellinger, Crozier and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 75 on H.B. No. 371

The purpose of this bill is to clarify and strengthen joint decision making in public sector collective bargaining and to improve election and representation proceedings under Chapter 89.

Specifically, the bill changes the unit designation for bargaining unit 10 under Section 89-6(a); establishes a standard for review of the showing of interest required to support a petition for decertification under Section 89-7; and expands upon subject matters for mandatory bargaining under Section 89-9.

Your Committee recognizes that the current designation of public employees in Unit 10 as "non professionals" can be deemed offensive and derogatory by public workers. Accordingly, the unit description for Unit 10 is amended to read "institutional, health and correctional workers." No change in bargaining unit composition is intended thereby.

Your Committee has carefully reviewed the current procedures and standards established to verify that petitions seeking decertification of employee representatives are truly supported by public employees in sufficient number. Under current law, any petition before the Hawaii Labor Relations Board for a representation election requires support from thirty percent of the affected bargaining unit evidenced by petitions which have been signed within six months of the filing for an election. There is no procedure established by the Board to verify employee signatures and to insure that the true desires of the petitioning employees is shown in a timely and appropriate manner. Since the potential for fraud, misrepresentations, and other misdeeds exists, Section 2 of this bill requires the Board to insure that a valid and adequate showing of employee interest in a decertification proceeding is clearly demonstrated. The bill also provides appropriate and prompt judicial review of any determination of the Board before any election is conducted whenever a valid challenge to a showing of interest is presented. To insure that these reforms in representation cases are implemented promptly, this Act shall apply to any and all proceedings which commenced on March 15, 1987 and thereafter before the Board.

Your Committee has reviewed and carefully considered the history of collective bargaining in the public sector since 1970. We find that public employers and representatives of public employees have come to share and develop a relationship of mutual trust and respect. An examination of collective bargaining agreements which have been jointly produced by the public employers and unions indicate no infringement on the merit principles or the principle of equal pay for equal work. Furthermore, your Committee finds that while negotiated contracts contain numerous sections governing employee examinations, hirings, promotions, demotions, discharges, disciplinary actions, lay offs, and matters which affect the operations of government, there has been no compromise of managerial prerogatives which assure us that the mission of government is efficiently carried out.

In spite of these collective bargaining agreements, which are the end product of joint decision making, a literal reading of Section 89-9(d) could result in an effort to invalidate contract provisions based on claims of "management rights." Your Committee finds that a literal reading of Section 89-9(d) is absurd and would undermine the very purpose of Chapter 89. Accordingly, we have amended Section 89-9(d) to include among the mandatory subjects of bargaining procedures affecting promotions, transfers, suspensions, demotions, discharges, other disciplinary actions, lay offs, and other related subjects.

Your Committee finds that Section 89-9(d) cannot be properly construed without reference to Section 89-9(a). Under Section 89-9(a) employee examinations, hirings, promotions, transfers, assignments of work, demotions, discharges, disciplinary actions, and lay offs are clearly covered as "terms and conditions of employment." These subjects are mandatory subjects of bargaining. We further note that the Labor Management Relations Act, 29 U.S.C. § 141 *et. seq.*, on which Chapter 89 was modelled, has been consistently interpreted to include as mandatory subjects such matters as seniority, promotions and transfers (United States Sypsum Co., 94 NLRB 112), lay offs (Hilton Mobile Homes, 155 NLRB 173), and discharges (National Licorice Co. v. NLRB, 309 U.S. 350).

By amending Section 89-9(d) to permit bargaining on procedures relating to promotions, transfers, suspensions, demotions, discharges, other disciplinary actions, and lay offs, your Committee intends to restrict the scope of Section 89-9(d) (as literally read) and to permit broader latitude in bargaining. With these amendments to Section 89-9(d), your Committee seeks to allow bargaining on the substance as well as the procedures related to examinations, hirings, promotions, demotions, discharges, disciplinary actions, and other such "terms and conditions of employment." We believe that joint decision making and the promotion of harmonious and cooperative relationships between government and employees will be achieved thereby.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 371, 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. 371, H.D. 1, S.D. 1, C.D. 1.

Senators Nakasato, Mizuguchi and Reed
Managers on the part of the Senate

Representatives Takamine, Cachola, Oshiro, Tungpalan and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 76 on H.B. No. 369

The purpose of this bill is to provide eligible employees with temporary disability insurance benefits for the duration of their disability.

Currently, subsection (b) of Section 392-21, Hawaii Revised Statutes, establishes a seasonality limitation. Mauna Loa Macadamia Nut Corp. v. Aagsalud, Case No. 10754 (decided April 14, 1986) (Memorandum Opinion). Section 392-21(b) provides that an employee who becomes disabled is not entitled to receive temporary disability insurance benefits for periods of disability which coincides with periods during which the employee would not have earned wages because of the schedule of the employer's operations. Thus, seasonal employees would be deprived from receiving temporary disability insurance if they become disabled during the closing period of their seasonal engagement.

Upon consideration of the testimony and review of the relevant history of Chapter 392, your Committee finds that the seasonal limitation on benefits contained in Section 392-21(b) was applied to agricultural workers only. Therefore, this bill amends Section 392-21(b) to provide that agricultural workers whose benefits were previously limited by seasonal changes will no longer be so restricted. Agricultural workers shall be placed on equal footing with all other claimants under Chapter 392.

Section 392-21(b) was amended by deleting all of the language in that subsection which limited the agricultural workers entitlement to temporary disability benefits to certain periods of disability connected to an agricultural employer's schedule of operations.

The intent of this bill is consistent with the humanitarian purposes and remedial character of the employee benefit laws of Hawaii. By eliminating the seasonality limitation, which has been read to exist under subsection (b) of Section 392-21, this measure is intended to provide relief to agricultural employees.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 369, 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. 369, H.D. 1, S.D. 1, C.D. 1.

Senators Nakasato, Mizuguchi and Reed
Managers on the part of the Senate

Representatives Takamine, Souki, Horita, Taniguchi and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 77 on H.B. No. 1521

The purpose of this bill is to provide the Real Estate Commission with subrogation rights in cases where it has settled a claim with proceeds from the Real Estate Recovery Fund.

This bill also creates a new chapter which requires timely notification to a prospective buyer, lessee, or tenant, prior to any property transaction, if the property is in an area designated in Flood Insurance Administration maps, Airport Noise Control and Land Use Compatibility maps, Air Installation Compatibility Use Zones, or Department of Defense Civil Defense Tsunami Inundation maps.

Your Committee upon further consideration has amended section 3 of the bill, page 2 to 5, by creating a new section chapter 467, Hawaii Revised Statutes, which requires timely notice if a property is located in certain designated areas.

More specifically, the amendments provide as follows:

1. Required that a licensee provide timely notification to prospective buyers, lessees, and tenants prior to any sale, lease, transfer, or any other transaction if the property is located in certain designated areas pursuant to maps which designate the four areas by tax map key number (zone section, parcel); provided that this requirement shall not apply if this involved a rental lease of less than one year;
2. Provided that the Real Estate Commission shall provide guidelines as to the method and timing of the required notification;
3. Required that the counties shall provide where available, maps detailing the four designated areas;
4. Provided that when it is questionable whether real property lies within any designated areas, the ambiguity shall be construed in favor of the licensee provided a good faith effort has been made to determine the applicability of requirements;
5. Amended the penalty provision to clarify that a violation of these requirements may not be used as the sole reason to invalidate the transaction. The validity of the transfer is a question for the courts to decide based on all the facts and circumstances. This position is consistent with the remedies section of the Plain Language Law, section 487-2, Hawaii Revised Statutes, and Chapter 16-99-3.1(h), Hawaii Administrative Rules, the recent Real Estate Agency Disclosure Regulation.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1521, 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. 1521, H.D. 1, S.D. 1, C.D. 1.

Senators Cobb, Nakasato and George
Managers on the part of the Senate

Senator Nakasato did not sign the report.

Representatives Hirono, Hiraki, Cachola, Takamine and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 78 on H.B. No. 1244

The purpose of this bill is to establish a definition for "crash parts", which are the replacement parts of a motor vehicle repaired or replaced as a result of a collision. In addition, the bill requires a motor vehicle repair dealer, mechanic, or apprentice, when using any crash parts, to clearly state that fact on the invoice provided to the customer.

This bill also requires that whenever crash parts are used, a disclosure document, stating that crash parts not manufactured or supplied by the original vehicle equipment manufacturer may or may not be of the same quality as the original vehicle equipment parts, be attached to the estimate provided to the customer.

This bill further requires that if crash parts manufactured by anyone other than the original vehicle equipment manufacturer are to be supplied or installed, the estimate provided to the customer must clearly state this fact and identify each of those crash parts, and the owner of the motor vehicle must first accept the use of such parts and sign an agreement stating acceptance of the quality of such parts before those parts can be used.

Your Committee has amended this bill to clarify that the disclosure document shall be required only when crash parts which are not manufactured by the original vehicle equipment manufacturer are to be supplied or installed.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1244, 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. 1244, H.D. 1, S.D. 1, C.D. 1.

Senators Cobb, Blair, Nakasato and Ikeda
Managers on the part of the Senate

Senator Nakasato did not sign the report.

Representatives Hirono, Hiraki, Hagino, Takamine and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 79 on S.B. No. 242 (Majority)

The purpose of this bill is to allow the Board of Land and Natural Resources (Board) to dispose of certain water rights with the prior approval of the Governor and prior authorization of the Legislature by concurrent resolution for projects which will use water in non-polluting ways and for non-consumptive purposes.

Currently, Section 171-58, Hawaii Revised Statutes (HRS), provides for the disposition of water rights subject to disapproval by the Legislature by two-thirds vote of either the Senate or the House of Representatives or by majority vote of both, in any regular or special session next following the date of any such disposition.

Your Committee, upon consideration, has amended the bill by inserting material to require: (1) that public hearings be held and conservation district use application and environmental impact statement approvals be obtained prior to the lease of water used in non-polluting ways for non-consumptive purposes; and (2) that the use not affect biota in the stream or body of water from which the leased water is drawn. Other technical amendments have been made to the bill.

The bill has been further amended by inserting amendments to Section 171-53(c), HRS. Under this bill, except for the limitation of the exemption expressly provided, if a grant of easement or lease of either submerged lands or lands beneath tidal waters covers uses only for moorings, cables and pipelines, such a grant of easement or lease shall be exempt from prior approval of the governor and the prior authorization of the legislature by concurrent resolution.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 242, 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. 242, S.D. 1, H.D. 1, C.D. 1.

Senators Aki, Fernandes Salling, Matsuura and Ikeda
Managers on the part of the Senate

Representatives D. Ige, Bunda, Kanoho, Say and Isbell
Managers on the part of the House

Representative Say did not concur.

Conf. Com. Rep. No. 80 on H.B. No. 2

The purpose of this General Appropriations bill of 1987 is to appropriate funds for the operating and capital improvement costs of the executive branch for the 1987-89 fiscal biennium.

FINANCIAL AND BUDGETARY OVERVIEW

Funding requests before the Legislature this year were greater than in any previous year. The confluence of several circumstances—a new administration, increased tax revenue, and a new legislative session—may have served as a catalyst to encourage an optimism which has generated requests for major funding commitments in education, economic development, and human services. In approaching its appropriation decisions, the Legislature found with reasonable confidence that funds were available to meet many of the requests

The general fund financial plan for the executive budget is based on the assumption that general fund tax revenues in the current fiscal year will increase by 7.9 percent over the actual revenues of FY 85-86. If that holds true, the general fund balance at the beginning of the next biennium is projected to be near \$90 million. That amount would provide the needed cushion should current expenditures outpace current revenues in FY 87-88, but it now appears that the short-range financial outlook is even more favorable.

The final report of the Council on Revenues submitted to the Legislature on March 13, projected that the general fund tax revenue increase from the previous year to the current year will be 9.4 percent instead of 7.6 percent adding some \$21 million in revenues to the State. Further, actual tax collections for the first nine months of the current fiscal year, as reported by the Department of Taxation, have been running at 13.2 percent.

Against this favorable short-term outlook, there are some factors which will eventually have to be taken into account. The current revenue projections are based on present tax laws and any changes in such laws could affect State tax revenue. The wage and benefit settlement between the State and the employee unions is another cost item that must be considered in the financial picture. Finally, a downturn in the national economy could also result in a drop in revenues.

Because the State is under a new administration, it is most appropriate that the Legislature provide the new administration with a financial base which allows major program commitments to be made. It is equally important that in providing this financial structure, the administration be held accountable for the use of the funds and that active fiscal oversight be an integral part of the Legislature's responsibility during this biennium.

In the remainder of this report, your Committee highlights some of the program and budgetary decisions which have been made for the 1987-89 fiscal biennium.

ECONOMIC DEVELOPMENT

Tourism. Recognizing tourism as the primary anchor in Hawaii's economy, a separate appropriation category has been established within the Department of Planning and Economic Development. Your Committee provided a substantial monetary commitment over two years for tourism marketing, promotion, and advertising in both domestic and foreign markets. Also, visitor destination programs on the neighbor islands will be strengthened, the community relations program will be enhanced, sporting events and new initiatives to increase visitor activities will be promoted, and the market research program will undergo continuing development.

With this commitment to tourism, your Committee expects the Department of Planning and Economic Development to strengthen the State tourism office, exercise strong leadership in this area, and prepare program and financial plans for a separate tourism program so that the funding provided can be used in an effective and systematic way.

Business Development. Loan program levels have been increased to provide greater support for the development of businesses. The Hawaii Capital Loan Program was given an additional \$2 million in the first year of the biennium.

Funds have been provided for marketing, promotion and industry development of Hawaii. Approximately \$5 million over two years will be used to establish a marketing program and other support services. It is anticipated that activities will include recruiting new industries, soliciting capital financing, stimulating the expansion of existing companies, and determining

the marketability of Hawaii products and services in international markets.

Irradiation Facility. The current problems in placing Hawaii's papaya exports in mainland markets illustrates how necessary it is to find solutions that will be satisfactory to buyers as well as producers. Your Committee has provided funding for a demonstration irradiation facility to study the feasibility of low level irradiation as a means of improving the exportability of Hawaii's products.

Construction of Film Facility. Your Committee supports the State's developing movie production industry and has provided some \$7.2 million in capital improvement funding for the construction of a film facility.

Agriculture Promotion. Industry marketing support for diversified agriculture continues to be one of your Committee's major commitments in building a sound foundation for Hawaii's economy. Promotion funds have been provided for the major agricultural products produced in Hawaii including pineapples, papayas, coffee, and other products. These funds are to be matched by the industry.

TRANSPORTATION

Funds have been provided for the continued development of the State's airport facilities to accommodate the increasing visitor arrivals to Oahu and especially to the neighbor islands. In recognition of the importance of maritime facilities to the growth of new economic centers in the State, funds have been provided for the modernization and upgrading of harbor facilities in Kawaihae, Hilo, Kahului, Barbers Point, as well as Honolulu harbor.

ENVIRONMENTAL PROTECTION

Program funding has been provided for pesticide control and use. A pilot project for the safe disposal of hazardous agricultural pesticides, a mapping program to determine incidence of pesticide in the soil, and a pesticide drift educational program have been funded.

HEALTH

Child Abuse Prevention. Prevention continues to be the emphasis in the commitment to combat child abuse. Funds have been provided to expand services under the Healthy Start program to include most of the areas in the state with the highest incidence of child abuse. Other funds have been provided to expand child abuse prevention services and to provide early intervention in sex assault services.

Services to Developmentally Disabled. The recent decertification of much of Waimano Training School and hospital has underscored the necessity to move systematically and with due speed toward deinstitutionalization. Expanding funding has been provided for group homes, day activity, and support services to accelerate placement of individuals in such programs.

Your Committee is concerned over the continuing increase in operating costs at Waimano. Accordingly, it is requesting the institution to submit a report detailing all actions taken to consolidate programs and activities and efforts to decrease expenses as a result of the reduced patient census at Waimano.

Adolescent Mental Health Programs. The absence of mental health services to "gap groups" is a major concern to your Committee. The Leahi inpatient children's unit has been expanded from a five-day program to a seven-day program with appropriate professional and nursing staff. In addition, first year funding has been provided for an adolescent day program.

Acquired Immune Deficiency Syndrome (AIDS). A committee has been funded as a recommending body for the community and government to provide support for people afflicted with AIDS.

SOCIAL SERVICES

Welfare Assistance. For the first time since the inception of the flat grant system, shelter payments will be included in the flat grant stipend. In addition, both the shelter and basic grant amounts have been increased by 10 percent.

A voluntary workfare program has been established for public assistance recipients. This

will cover all public assistance recipients not currently required to participate in an employment and training program under the federal law for food stamp recipients.

Family Abuse and Neglect. Major funding for child protective services, child care for the developmentally delayed and expanded support for sex abuse treatment and family abuse support services have been provided in the purchase of service program for the Department of Social Services and Housing. This is part of your Committee's commitment to establish a statewide baseline of services for children and families.

Hawaiian Home Lands. An unprecedented appropriation from the general fund has been made to the Department of Hawaiian Home Lands. General fund resources will enable the department to reduce the waiting period for land grants, facilitate the development of homestead lands, and increase the number of home construction loans to native Hawaiians.

LOWER EDUCATION

In reviewing the priorities for funding, your Committee has been guided by the perspective that the Department of Education should be accorded considerable flexibility. It has also been guided by the perspective that funding emphasis should be on those programs providing direct benefit to students and direct support to teachers and which enhance the learning environment in the schools.

Class Size Reduction. A significant portion of the additional appropriations have been allocated to class size reduction for kindergarten and first grade. The appropriations as well as additional positions will enable class size at these levels to be reduced from the present 26.15 to 1 to a 20 to 1 ratio. The funding provides for an additional 166 positions at cost of \$5.2 million in the first year and \$7.1 million in the second year.

Educational Superfund. A new funding concept will be employed which will provide the superintendent of education with both the authority and the resources to meet a wide variety of needs at the school level. Apart from the appropriations in the basic budget, an educational superfund of \$2 million will be available to the superintendent over the next biennium. In consultation with district superintendents and school personnel, the superintendent will use the superfund for additional furnishings, supplies, and equipment for schools with priority given to those expenditures which directly benefit students.

Core Learning. Significant new resources are also being appropriated to improve instruction in the core subjects for high school students. For FY 1987-88, \$1.1 million will be used to strengthen core subject studies and for FY 1988-89, \$1.3 million.

Educational Assistants for Intermediate Schools. For the intermediate grades additional funds in each year will enable educational assistants to be hired to improve instructions.

Gifted and Talented Students. Programs for gifted and talented students will be enhanced by additional appropriations of almost \$1 million each year.

In-Service Training for Teachers. Additional appropriations have been made for in-service training to be conducted for more teachers than has been possible in the past. One of the purposes of the appropriations is to enable substitute teachers to be assigned to classrooms when in-service training for regular teachers is held during working hours.

Renovation and Expansion of Hawaii State Library. Some \$8.4 million in capital improvement funds have been provided for the renovation and expansion of the Hawaii State Library, Main Branch.

HIGHER EDUCATION

Your Committee supports the University of Hawaii's commitment to excellence and has funded programs consistent with the University in achieving its goal.

In the review of the executive budget and the supplemental budget request, a number of key factors were considered, including the continued desirability for an "open door" policy for the higher education system. Therefore, your Committee has provided additional resources to the community college system and the Hilo campus which together serve more than one-half of the total enrollment in the University system.

Further, your Committee has allocated \$20 million for new programs or enhancement of programs consistent with the University of Hawaii's strategic plan and the Board of Regents'

priority requests for funding.

College of Marine and Earth Sciences and Technology. Your Committee supports the establishment of this new college. With the Mauna Kea observatory complex destined soon to be the most important center in the world for astronomical studies together with other developments, your Committee believes that programs which capitalize on Hawaii's unique setting and natural resources hold the greatest promise for development and excellence.

Facility Improvement Projects. Funds have been authorized for asbestos and PCB transformer removal and for the completion of renovations to various buildings on the Manoa Campus and at Honolulu Community College. Additional funds have been provided for the continuing development of Kapiolani Community College at the Diamond Head campus. The installation of communications and electrical infrastructures and the initiation of Phase II of the access road to the Mauna Kea Observatory are necessary elements in the establishment of Mauna Kea as the home of the world's largest telescopes. Design funds have also been authorized for the development of a new Pacific Ocean Science and Technology Center.

CULTURE AND RECREATION

Many cultural activities in Hawaii are supported through the State Foundation on Culture and the Arts, and adequate funding provisions have been made for the Foundation. In addition, your Committee has determined that specific funding support should be provided to several prominent cultural organizations, including the Honolulu Symphony and the Bishop Museum.

PUBLIC SAFETY

The basic commitment in the area of corrections has been to meet the requirements of the consent decree and to begin to address corrections as a separate social issue through the establishment of a Department of Corrections. This year funds were provided to expand social and rehabilitation programs.

INDIVIDUAL RIGHTS

Your Committee has been concerned about the recent problems and costs to consumers in the securities fraud and health insurance areas. Therefore, appropriations have been provided to establish a securities fraud unit to investigate consumer complaints. It is estimated that Hawaii consumers lose approximately \$4-5 million annually.

The expanding variety of health care insurance plans being offered to Hawaii's citizens has prompted your Committee to provide moneys for a temporary health care insurance consultant to review and evaluate current products, laws and regulations, to propose statutory and regulatory amendments, and to develop and establish a consumer education program.

GOVERNMENT WIDE SUPPORT

Taxation. Your Committee is concerned with what is apparently a significant number of individuals who should, but do not, pay taxes to the State. The tax system is based on voluntary compliance, and if there are large numbers who do not pay their taxes, not only does the State lose revenues but public confidence in the system is undermined. An appropriation of \$500,000 for personnel will comprise a concentrated effort to bring non-filers into compliance.

Asbestos Litigation and Survey. Some \$600,000 for a survey of State owned buildings to determine the presence of asbestos has been provided to establish evidence to be used in litigation to recover replacement and renovation costs. In addition a litigation unit has been established for such cases.

Electronic Data Processing services. Funds have been provided for the continued development of electronic data processing services to support more effective and efficient state operations. In the interest of ensuring that EDP development proceeds systematically and state agencies attain levels of automation in the most cost-efficient manner, your Committee has requested a comprehensive study and plan for the future of electronic data processing and data communications for state government. Another related development will be the dissolution in fiscal year 1987-88 of the communications program in the Department of Accounting and General Services. This program will be assumed by the newly created telecommunications program in the Department of Budget and Finance, thereby integrating voice and data communications.

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 Yamasaki, Aki, Blair, Fernandes Salling, Hagino, B. Kobayashi, Matsuura, Mizuguchi, Nakasato, Young, Henderson, Ikeda and A. Kobayashi
Managers on the part of the Senate

Senators Aki, Nakasato and Henderson did not sign the report.

Representatives Souki, Arakaki, Fukunaga, Horita, D. Ige, M. Ige, Ihara Jr., Kanoho, Kawakami, Leong, Tajiri, Tungpalan, Cavasso, Isbell and Marumoto
Managers on the part of the House

Representatives Horita and Marumoto did not sign the report.

Conf. Com. Rep. No. 81 on S.B. No. 548

The purpose of this bill is to give the Office of Hawaiian Affairs (OHA) the right to acquire kuleana lands by escheat.

Your Committee agrees that kuleana lands should not revert to the surrounding land owner, but should revert to OHA (the agency established in Article XII, Section 5 and 6, in the Hawaii Constitution to receive and hold land in trust for Native Hawaiians and Hawaiians). However, in order to respond to concerns expressed that OHA is not ready to manage real property, your Committee amended the bill by restoring the language of Senate Draft 2 which provides that where there is no taker of kuleana lands under the intestate succession part of the probate code, such lands shall pass to the Department of Land and Natural Resources (DLNR). This Department will hold the land in trust until OHA develops a land management plan for the use and management of the kuleana properties, and such plan is approved by DLNR for the transfer of the property to OHA. Your Committee

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 548, 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. 548, S.D. 2, H.D. 1, C.D. 1.

Senators Hee, Aki, Solomon, J. Wong and George
Managers on the part of the Senate

Senators Solomon and George did not sign the report.

Representatives Levin, Metcalf, D. Ige, Kanoho and Pfeil
Managers on the part of the House

Representative D. Ige did not sign the report.

Conf. Com. Rep. No. 82 on S.B. No. 348

The purpose of this bill is to add a new part to chapter 453, Hawaii Revised Statutes (medicine and surgery), providing that:

- (1) Individuals employed as or claiming to be respiratory care practitioners shall meet the standards of the National Commission for Health Certifying Agency, or its successor organization where the individual has demonstrated required competency, but shall not be required to have practiced respiratory therapy in the State for three years, prior to 1988.
- (2) Any person who violates any of the requirements or provisions of this part, shall be fined \$500 for the first offense and not more than \$1,000 or imprisonment for not more than one year, or both, for each subsequent offense.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 348, 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. 348, S.D. 1, H.D. 1, C.D. 1.

Senators Yamasaki, Cobb, B. Kobayashi and Ikeda
Managers on the part of the Senate

Representatives Hirono, Souki, Cachola, Hiraki and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 83 on S.B. No. 1660

The purpose of this bill is to provide appropriations to meet the needs of the State through various capital improvement projects. As received, this bill appropriated the sum of \$12,733,000 to satisfy this purpose.

This bill in its amended form, appropriates an additional \$12,455,000 in general obligation bonds for capital improvement projects. Therefore, as amended, this bill appropriates the sum of \$25,188,000.

After close scrutiny your Committee believes that the projects contained herein reflect the legislature's continued commitment to projects which reflect the needs and desires of the people of the State of Hawaii.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1660, H.D. 1, as amended herein, and recommends it pass Final Reading in the form attached hereto as S.B. No. 1660, H.D. 1, C.D. 1.

Senators Yamasaki, Mizuguchi, Aki, Blair, Fernandes Salling, Hagino, B. Kobayashi, Matsuura, Nakasato, Young, Henderson, Ikeda and A. Kobayashi
Managers on the part of the Senate

Senators Nakasato and Henderson did not sign the report.

Representatives Souki, Fukunaga, Arakaki, Horita, D. Ige, M. Ige, Ihara Jr., Kanoho, Kawakami, Leong, Tajiri, Tungpalan, Cavasso, Isbell and Marumoto
Managers on the part of the House

Representative Horita did not sign the report.

Conf. Com. Rep. No. 84 on H.B. No. 1931

The purposes of this bill are to impose a new credit card interest rate ceiling, to distinguish between bank credit cards and retail credit cards, providing interest rate ceilings specific to each and to provide for full disclosure of credit card terms.

Your Committee on Conference has amended the bill by retaining only the full disclosure provisions which specify that every credit card issuer shall disclose the annual percentage rate, the date when the finance charge begins to accrue, any annual fee, and any other charge that could be imposed, and when the charges incurred are due and payable.

Further amendments to the bill include the addition of a disclosure requirement for charge cards and a change in the effective date to January 1, 1988.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1931, H.D. 1, S.D. 1, as amended herein, recommends that it pass Final Reading in the form attached hereto as H.B. No. 1931, H.D. 1, S.D. 1, C.D. 1.

Senators Cobb, Nakasato and Ikeda
Managers on the part of the Senate

Representatives Hirono, Andrews, Hiraki, Shito and Hemmings Jr.
Managers on the part of the House.

Conf. Com. Rep. No. 85 on H.B. No. 1002

The purpose of this bill is to prohibit the impersonation of a law enforcement officer when the officer is employed by the State or subdivisions thereof or by the United States.

Your committee is concerned about the increase in the incidence of police impersonators and believes it important to be able to prosecute those persons who impersonate law enforcement officers with the intent to deceive.

Your committee agrees that the provisions of the bill should be adopted to prohibit such deceptions.

Your committee amended the bill to include in the definition of a law enforcement officer any public servant vested by law with the duty "to enforce the criminal laws."

Your committee further amended the bill to change from a class B felony to a class C felony

the offense of impersonating a law enforcement officer in the first degree, and to change from a class C felony to a misdemeanor the offense of impersonating a law enforcement officer in the second degree.

Your committee also made non-substantive, grammatical corrections.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1002, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1002, S.D. 1, C.D. 1.

Senators Hee, Kuroda, McMurdo, Menor and Reed
Managers on the part of the Senate

Senators McMurdo and Menor did not sign the report.

Representatives Metcalf, CAchola, Hagino, Takamine and Medeiros
Managers on the part of the House

Representatives Cachola and Takamine did not sign the report.

Conf. Com. Rep. No. 86 on H.B. No. 287

The purpose of this bill is to appropriate funds for the 1987-89 biennium budget of the Office of Hawaiian Affairs (OHA).

Your Committee examined the program needs as contained in the budget request submitted by OHA, and made provisions for those programs which would achieve the program objectives of OHA. Therefore, the bill specifies the necessary funding for OHA's programs and it identifies the general and special fund requirements for each program.

Your Committee is cognizant of the critical findings and recommendations contained in the management audit of OHA, and accordingly, OHA should implement the recommendations to realistically plan for its programs.

In addition, your Committee strongly believes that OHA's board should reaffirm it's primary role of serving the Hawaiian community as a whole and focus mainly on establishing policies, formalizing its policy making processes, developing and improving external relationships, and improving its overall effectiveness. Further, the board should delegate to the administrator the responsibility to manage and direct the programs consonant with policies established by the board.

With respect to developing OHA's program objectives and goals, your Committee recommends the following:

1. It is vital that OHA recognize the social needs of Hawaiians and native Hawaiians, and it should formulate and establish detailed plans specifying the short-term and long-term objectives to address their social concerns.
2. As a matter of priority, OHA should identify the health problems and needs of the population it serves, and properly develop the needed program improvements.
3. OHA should improve its working relationship with other public and private agencies, such as, the Department of Hawaiian Home Lands and Alu Like to cooperatively serve the Hawaiians and native Hawaiians. Such shared efforts would eliminate duplication and overlapping of services, and promote joint pilot projects and ventures.
4. OHA should enlist the participation of all Hawaiian communities by holding public hearings on the multi-year program and operating budget for OHA so that the budget request submitted to the Legislature incorporates the expressed needs and concerns from the public and interested Hawaiian groups.

It is your Committee's view that with the necessary commitment by OHA to address these concerns together with the proper allocation of funding authorized, OHA should be able to effectively serve the Hawaiian people in the State.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 287, 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. 287, H.D. 1, S.D. 1, C.D. 1.

Senators Yamasaki, Aki, Blair, Fernandes Salling, Hagino, B. Kobayashi, Matsuura, Mizuguchi, Nakasato, Young, Henderson, Ikeda and A. Kobayashi
Managers on the part of the Senate

Senators Aki, Nakasato and Henderson did not sign the report.

Representatives Souki, Arakaki, Fukunaga, Horita, D. Ige, M. Ige, Ihara, Kanoho, Kawakami, Leong, Tajiri, Tungpalan, Cavasso, Isbell and Marumoto
Managers on the part of the House

Conf. Com. Rep. No. 87 on H.B. No. 208

The purpose of this bill is to clarify that a minor who commits murder in the first or second degree is subject to a mandatory waiver proceeding.

Prior to the amendments made to the Penal Code in 1986, (Act 314, SLH), murder was classified as a class A felony and, therefore, constituted a waivable offense under section 571-22(c), Hawaii Revised Statutes. Act 314 (SLH, 1986) divided murder into two degrees (murder in the first degree and murder in the second degree) so that it is no longer classified as a class A felony. This change unintentionally resulted in murder being removed from section 571-22(c) as a waivable offense.

Your Committee finds that this is a housekeeping measure to bring the law into conformity with legislative intent and prior law.

Your Committee upon further consideration has amended this bill to include the offense of attempted murder in crimes subject to mandatory waiver.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 208, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 208, S.D. 1, C.D. 1.

Senators Hee, Chang, Menor, Solomon and Reed
Managers on the part of the Senate

Senators Menor and Solomon did not sign the report.

Representatives Metcalf, Hiraki, Hirono, Takamine and Medeiros
Managers on the part of the House

Representative Takamine did not sign the report.

Conf. Com. Rep. No. 88 on H.B. No. 951

The purpose of this bill is to create the Criminal Forfeiture Fund to provide for the uniform disposition of property forfeited pursuant to section 329-55, Hawaii Revised Statutes, which deals with controlled substances, and pursuant to section 842-3, Hawaii Revised Statutes, which deals with drug abuse or illegal drug distribution in relation to organized crime.

The bill specifies that all property forfeited under the specific circumstances must be turned over to the State Comptroller to dispose of, according to the provisions of the Criminal Forfeiture Fund.

Upon further consideration your Committee has amended the bill by providing that all property forfeited pursuant to the Penal Code also be turned over to the Comptroller. However, your Committee feels that while the Comptroller should retain control over all forfeited property until disposed of, the Attorney General is better qualified to decide if forfeited property should be sold and the proceeds deposited into the Criminal Forfeiture Fund or whether it would be more expedient to turn the actual forfeited property over to a specific law enforcement agency. Therefore your Committee has inserted language to the effect that the Comptroller shall dispose of property pursuant to the Attorney General's recommendations.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 951, H.D. 1, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 951, H.D. 1, S.D. 2, C.D. 1.

Senators Yamasaki, Blair, Hee, J. Wong and A. Kobayashi
Managers on the part of the Senate

Senator A. Kobayashi did not sign the report.

Representatives Metcalf, Souki, Hagino, Peters and Hemmings Jr.
Managers on the part of the House

Representative Souki did not sign the report.

Conf. Com. Rep. No. 89 on H.B. No. 922

The purpose of this bill is to amend Chapter 582, Hawaii Revised Statutes, by adding a new section that would authorize and direct the Governor to execute, with any other state, an amendment to the Interstate Compact on Juveniles, concerning Interstate Rendition of Juveniles alleged to be delinquent.

Presently, the Interstate Compact on Juveniles applies only to juvenile runaways or adjudicated delinquents, and does not address the situation where a state requests the return of a juvenile fugitive, or is requested by the demanding state to return a juvenile fugitive who has been charged with an offense but has not been adjudicated for that offense. This measure will extend the provision in Articles V and VI of the Interstate Compact on Juveniles to non-adjudicated juvenile fugitives.

Your Committee finds that there are times when juveniles flee the jurisdiction or their families and move to the mainland. Justice is better served if the alleged juvenile offenders are extradited and required to stand trial for the crime they are charged with.

The original bill applied to "any criminal law" violated by the juvenile. The Senate amended the language to read "violation of a felony." Your Committee, after careful consideration of the mandatory nature of the bill, chooses to take minor violations out of the scope of the extradition. Thus, your Committee has adopted the Senate change to limit extradition to "violation of a felony."

Your Committee has made technical, nonsubstantive changes to this bill for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 922, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 922, S.D. 1, C.D. 1.

Senators Hee, Cobb, Holt, Kuroda and Reed
Managers on the part of the Senate

Senators Cobb and Reed did not sign the report.

Representatives Metcalf, Andrews, Bellinger, Hayes and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 90 on H.B. No. 418

The purpose of this bill is to provide fund authorizations and appropriations for wage and other adjustments in Fiscal Biennium 1987-1989 for officers and employees of the executive, judiciary, and legislative branches and the Office of Hawaiian Affairs who are excluded from collective bargaining.

Section 89C-2, HRS, stipulates that the compensation, laws, terms and conditions of employment, and other benefits for public officers and employees who are excluded from collective bargaining shall be adjusted as applicable. Further, section 89C-5, HRS, stipulates that any such adjustments which constitute cost items shall be subject to appropriation by the legislature.

Your Committee has amended this bill to stipulate the exact amounts needed for wage and other adjustments pursuant to recent collective bargaining agreements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 418, 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. 418, H.D. 1, S.D. 1, C.D. 1.

Senators Yamasaki, Aki, Blair, Fernandes Salling, Hagino, B. Kobayashi, Matsuura, Mizuguchi, Nakasato, Young, Henderson, Ikeda and A. Kobayashi
Managers on the part of the Senate

Senators Aki, Nakasato and Henderson did not sign the report.

Representatives Souki, Arakaki, Fukunaga, Horita, D. Ige, M. Ige, Ihara, Kanoho, Kawakami, Leong, Tajiri, Tungpalan, Cavasso, Isbell and Marumoto
Managers on the part of the House

Representative Horita did not sign the report.

Conf. Com. Rep. No. 91 on H.B. No. 1270

The purpose of this bill is to clear up confusing and ambiguous language in the current law as it relates to the re-registration of persons moving within the State for purposes of voting.

Currently, the statutes are unclear regarding when a person must re-register, allowing voters to vote in the wrong district.

This bill makes the following changes to the Hawaii Revised Statutes:

- 1) A new subsection is added to provide that names of voters be removed where a voter notification is returned and there is no forwarding address.
- 2) Sections 11-18 and 11-19 are amended to require voters to register by the appropriate registration deadline for all voter registration. This change makes registration consistent whether the move is between precincts or between counties.
- 3) Section 11-21 is amended to clarify that a voter who has not re-registered by the appropriate registration deadline pursuant to Sections 11-18 and 11-19 will not be allowed to vote in the election.

Your committee has also amended the bill by reversing pages 2 and 3 of the Senate draft to reflect the proper order of Section 11-17 and by making technical, non-substantive changes for style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1270, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1270, S.D. 1, C.D. 1.

Senators Hee, Chang, Holt, J. Wong and George
Managers on the part of the Senate

Senator George did not sign the report.

Representatives Metcalf, Hagino, Hayes, Hiraki and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 92 on H.B. No. 1907

The purpose of this bill is to provide an alternative to the current system of civil process service by providing for the licensure of private, fully qualified and trained civil process servers.

Your Committee finds that the use of trained process servers licensed by the State would ensure efficient service of process. At the same time, cost savings would result because fewer clerical staff would be needed for the serving deputies and none would be needed to account for the fees paid to serving officers. By eliminating the need to collect and account for the fees paid for service of process, the Judiciary will be able to free a number of clerical positions which can be assimilated into other needed clerical functions within the Judiciary.

Your Committee amended Section -2 of the new chapter, Service of Process, to specify that prescribed qualifications for process servers must include attendance in, and satisfactory completion of, a training program in the service of process and applicable laws, rules, and regulations and that the training program shall be no less than forty (40) hours, but no more than eighty (80) hours in duration.

Your Committee also amended Section 607-8, Hawaii Revised Statutes, to provide that for all political subdivisions or municipalities within the State with a population of 500,000 or more, a flat transportation fee of ten dollars (\$10) will be allowed in lieu of the current mileage allowance.

Your Committee further amended this bill to provide a grandfather clause for all sheriffs duly deputized prior to the effective date of this Act.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1907, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1907, H.D. 1, S.D. 1, C.D. 1.

Senators Hee, Holt, Kuroda, J. Wong and George
Managers on the part of the Senate

Senator George did not sign the report.

Representatives Metcalf, Hagino, Hirono, Takamine and Hemmings Jr.
Managers on the part of the House

Representative Takamine did not sign the report.

Conf. Com. Rep. No. 93 on S.B. No. 1164

The purpose of this bill is to update Chapter 149A, Hawaii Revised Statutes, and to provide stricter regulation on the purchase and use of pesticides in Hawaii.

Specifically, this bill will do the following:

- 1) Make it unlawful to use, distribute or sell any pesticide not licensed in Hawaii;
- 2) Update Section 149A-31, Hawaii Revised Statutes, to insure its conformance with the Federal Insecticide, Fungicide and Rodenticide Act;
- 3) Authorize the Department of Agriculture to suspend the use of a pesticide should there exist a potential of unreasonable adverse effects to the environment; and
- 4) Require large quantity pesticide users to maintain records of pesticide applications.

Your Committee finds that strict controls on the sale and use of pesticides are needed to minimize the contamination of the environment.

Your Committee amended the bill by replacing the word "deemed" with "determined" on line 1, page 35. Your Committee finds that the cancellation, suspension or restriction of pesticide usage should be based on a determination of unreasonable adverse effects on the environment.

Although this bill deals primarily with the responsibilities and powers of the Department of Agriculture, your Committee feels that the Department of Health should be given substantial weight in the pesticide review process since the Department of Health is the primary enforcement agency of drinking water regulations.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1164, 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. 1164, S.D. 1, H.D. 1, C.D. 1.

Senators Hagino, Solomon and Reed
Managers on the part of the Senate

Representatives Andrews, Honda, Souki, Kanoho and Pfeil
Managers on the part of the House

Representative Honda did not sign the report.

Conf. Com. Rep. No. 94 on S.B. No. 1747

The purpose of this bill is to transfer the state planning and planning information functions of the Department of Planning and Economic Development to the Office of the Governor through the establishment of an Office of State Planning in the Governor's Office.

The bill also establishes a Department of Business and Economic Development which will be devoted solely to the promotion of economic diversification and growth. This department will assume the research and development functions of the current Department of Planning and Economic Development.

The objective of developing a centralized office within the office of the Governor is to allow for the more efficient responsibilities.

Following its discussion on this bill, your committee agrees to the following amendments:

On page 2, lines 20 and 21, the Governor shall set the salary level of the director of the Office of State Planning.

On page 5, lines 16 through 23, and page 6, line 1, the paragraphs on transferring land use planning and coastal and ocean policy management responsibilities from the Department of Planning and Economic Development to the new Office of State Planning were deleted, and paragraph 18 on page 16 is renumbered as paragraph 6.

Section 4, on page 16 through page 19, line 17 is deleted. This language referring to chapter 205, Hawaii Revised Statutes, is not required, since the Land Use Division will not be transferred to the Office of State Planning. Sections 5 through 18 are renumbered accordingly.

Section 8 is amended to reflect the conference agreement that the land use division and the coastal zone management program, Chapters 205 and 205A, respectively, will be retained within the Department of Business and Economic Development.

On page 48, line 6 has been amended in order to delete language referring to land use division personnel, since land use division responsibilities are not being transferred to the Office of State Planning.

Technical and non-substantive amendments were made on page 48, line 14, and page 49, lines 1 through 8, to clarify that employees will retain the same civil service credit, vacation, sick leave, or other employee benefits or privileges after the transfer of state planning functions from the Department of Planning and Economic Development to the Office of State Planning.

In addition, your Conference Committee finds that the newly established Department of Business and Economic Development may not be the most appropriate agency for the Land Use Division and the Coastal Zone Management Program. Your Committee strongly recommends that one of the first tasks of the Office of State Planning should be to review this matter as timely as possible and make a recommendation to the legislature for further action.

Your Conference Committee further recommends that the Land Use Division consider and present input from a variety of sources to reflect a statewide approach to formulating land use recommendations.

Your Committee on Conference is in accord with the intent and purpose of S.B. 1747, 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. 1747, S.D. 2, H.D. 2, C.D. 1.

Senators Yamasaki, Hagino and Reed
Managers on the part of the Senate

Representatives Andrews, Takamine, Fukunaga, Say and Pfeil
Managers on the part of the House

Conf. Com. Rep. No. 95 on H.B. No. 121

The purpose of this bill is to establish a statewide "one week or one trial" system for jury service. This bill is intended to implement the recommendations in the report made by the National Center for State Courts to the state Judiciary. The National Center was commissioned to study the concerns regarding the jury system expressed in House Resolution No. 127, Eleventh Legislature of the State of Hawaii, Regular Session of 1982.

The bill would significantly reduce the amount of time a person is asked to serve thereby allowing more people to participate in the judicial process. Moreover, it should enable juries to be more broadly representative of the community. This bill would also eliminate the current jury commission and transfer the functions of the commission to the court clerk. The bill also changes the statutory exemptions for jury service.

Your committee has amended this bill to provide for a trial period of two years for the deletion of all exemptions to jury duty, and to provide for a trial period of three years for the six-month service on grand juries in order to determine the impacts of these changes on the court system. After the trial period, the statutes will reflect the language that existed in the statutes prior to the enactment of this measure.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 121, 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. 121, H.D. 1, S.D. 2, C.D. 1.

Senators Hee, Chang, Holt, Solomon and George

Managers on the part of the Senate

Senators Solomon and George did not sign the report.

Representatives Metcalf, Bellinger, Hiraki, Hirono and Medeiros
Managers on the part of the House

Representative Hirono did not sign the report.

Conf. Com. Rep. No. 96 on H.B. No. 328

The purpose of this bill is to provide fund authorizations and appropriations for collective bargaining cost items, including the cost of salary adjustments negotiated between the State and bargaining unit representatives for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the legislature are necessary, in accordance with section 89-10(b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Your Committee has amended this bill by inserting the appropriation amounts necessary for collective bargaining cost items and to specify that bargaining units 1, 2, 3, 4, 6, 7, 8, 9, 10, and 11 in addition to collective bargaining unit 13 are covered by this bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 328, 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. 328, H.D. 1, S.D. 1, C.D. 1.

Senators Yamasaki, Aki, Blair, Fernandes Salling, Hagino, B. Kobayashi, Matsuura, Mizuguchi, Nakasato, Young, Henderson, Ikeda and A. Kobayashi
Managers on the part of the Senate

Senators Aki, Nakasato and Henderson did not sign the report.

Representatives Souki, Arakaki, Fukunaga, Horita, D. Ige, M. Ige, Ihara, Kanoho, Kawakami, Leong, Tajiri, Tungpalan, Cavasso, Isbell and Marumoto
Managers on the part of the House

Representative Horita did not sign the report.

Conf. Com. Rep. No. 97 on H.B. No. 4

The purpose of this bill is to ensure fairness in elections, protect legitimate reputations of all political candidates, and punish those individuals responsible for "smear" campaigns, without any intended chilling effect on the right of free speech under the First Amendment.

This bill removes the responsibility of adopting a code of fair campaign practices from the Campaign Spending Commission, and establishes a five-member Fair Campaign Practices Commission (Commission) appointed by the Governor, which will receive, review, and issue findings or complaints of unfair campaign practices. The bill also requires the Commission to report back to the Legislature, prior to the 1990 Regular Session, its evaluation and recommendations for continuing the Commission.

After further consideration, your Committee has amended the bill by adding a new part to Chapter 11, Hawaii Revised Statutes. The new part establishes the offense of "election smearing" as a misdemeanor and punishable by a fine not to exceed \$2,000.

While your Committee is sensitive to the importance of the free speech rights granted by the First Amendment of the United States Constitution, malicious actions which are justified under the guise of a First Amendment argument cannot be tolerated. Such deterrents will help protect not only the person against whom such attacks are made, but the public as well by strengthening the electoral process and insuring fair play in elections.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 4, 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. 4, H.D. 2, S.D. 1, C.D. 1.

Senators Hee, Chang, Solomon, J. Wong and George
Managers on the part of the Senate

Senators Solomon and George did not sign the report.

Representatives Metcalf, Hagino, Hayes, Hiraki and Hemmings Jr.
Managers on the part of the House

Representative Hiraki did not sign the report.

Conf. Com. Rep. No. 98 on H.B. No. 903

The purpose of this bill is to provide for the assignment of any type of income, including earnings for child support.

Your Committee amended the bill to reflect the House Draft as it was originally sent to the Senate.

Your Committee finds that H.B. No. 903, although of a housekeeping nature, is necessary and meritorious. This bill will eliminate confusion and doubt as well as assure that all sources of income are included.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 903, 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. 903, H.D. 1, S.D. 1, C.D. 1.

Senators Hee, Chang, Kuroda, Solomon and George
Managers on the part of the Senate

Senators Solomon and George did not sign the report.

Representatives Metcalf, Andrews, Bellinger, Hayes and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 99 on S.B. No. 141

The purpose of this bill is to authorize the issuance of general obligation bonds and to declare findings that the total amount of principal and interest estimated for such bonds and all bonds authorized but unissued and calculated for all bonds issued and outstanding will not cause the debt limit to be exceeded at the time of issuance.

This bill is intended to meet the requirement of Article VII, Section 13, of the Constitution of the State of Hawaii. This constitutional provision requires the legislature to include a declaration of findings in every general law authorizing the issuance of general obligation bonds that the debt limit will not be exceeded upon the issuance of bonds authorized by the law and in the past. The required declaration is set forth in Section 1 of the bill.

Your Committee on Conference has updated this bill to reflect current data and amounts, including the authorization amount.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 141, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 141, H.D. 1, C.D. 1.

Senators Yamasaki, Aki, Blair, Fernandes Salling, Hagino, B. Kobayashi, Matsuura, Mizuguchi, Nakasato, Young, Henderson, Ikeda and A. Kobayashi
Managers on the part of the Senate

Senators Nakasato and Henderson did not sign the report.

Representatives Souki, Arakaki, Fukunaga, Horita, D. Ige, M. Ige, Ihara Jr., Kanoho, Kawakami, Leong, Tajiri, Tungpalan, Cavasso, Isbell and Marumoto
Managers on the part of the House

Representative Horita did not sign the report.

Conf. Com. Rep. No. 100 on H.B. No. 1861

The purposes of this bill as received by your Committee were to suspend the requirement that a condominium hotel operator be licensed as a real estate broker for one year from the effective date of the bill to allow time to address new concerns which have arisen with regard to this requirement, to require fees to be established by rules for the licensure and registration of an operator of a condominium hotel and to create new sections relating to transient vacation

rentals and the resolution of time-share disputes through arbitration.

Your Committee upon further consideration has amended the bill by deleting the provision relating to the resolution of time-share disputes and by providing new language regarding transient vacation rentals.

Since many non-tourist areas, including residential areas, are being used for the purpose of locating transient vacation rentals (TVR), a need has arisen to prevent such mixed and unintended uses of property.

This amendment will enable the counties to ensure that transient vacation rentals (TVR) will not be permitted in residential or other areas not intended by the county in its zoning process. This will enable a county to enforce applicable zoning restrictions by designating a unit or series of units as a hotel use which may not be a permitted use under its zoning code.

In the case where ninety five percent or more of the project is used for TVR, the entire property shall be classified as a hotel, which would not be permitted use if it is in violation of the county zoning standards.

A direct benefit of this action will be that intended residential condominium properties in residential areas should and will be used for the purpose of providing residential housing and accommodations to Hawaii's residents, the intended beneficiaries of all residential zoning.

In its deliberations, your Committee agreed to limit the application of TVR restrictions to condominium projects only.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1861, 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. 1861, H.D. 1, S.D. 1, C.D. 1.

Senators Cobb, B. Kobayashi and A. Kobayashi
Managers on the part of the Senate

Representatives Hirono, Hiraki, Cachola, Bellinger and Medeiros
Managers on the part of the House

Representative Cachola did not sign the report.

Conf. Com. Rep. No. 101 on H.B. No. 1585

The purpose of this bill is to require real estate brokers and salesmen to inform prospective purchasers and lessees of reversionary provisions. Under this agreement, failure to do so would constitute grounds for voidance of the transaction by the purchaser or lessee for a period of five years.

Upon further consideration, your Committee has deleted the substance of the bill and created a new section in chapter 514A, Hawaii Revised Statutes, which will require certain documents to be kept at the managing agent's office. Copies of these documents shall be available to owners, prospective purchasers, and their respective agents during normal business hours, upon payment of a reasonable charge. In the event that the project is not managed by a managing agent, these requirements shall be undertaken by a person or entity, if any, employed by the association of apartment owners to whom this function is delegated.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1585, 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. 1585, H.D. 1, S.D. 1, C.D. 1.

Senators Cobb, Blair and A. Kobayashi
Managers on the part of the Senate

Representatives Hirono, Hiraki, Hayes, Takamine and Medeiros
Managers on the part of the House

Representative Takamine did not sign the report.

Conf. Com. Rep. No. 102 on H.B. No. 520

The purpose of this bill is as follows:

(1) To authorize the Department of Commerce and Consumer Affairs (DCCA) to apply to

- a court for an injunction to restrain any violation of Chapter 439, Hawaii Revised Statutes;
- (2) To specify that the remedies or penalties delineated in Chapter 439 are cumulative;
 - (3) To provide a statutory definition of "beauty operator" which will encompass certified cosmetologists, hairdressers, cosmeticians, and manicurists;
 - (4) To allow the practice of barbering in a beauty shop;
 - (5) To delete the definitions of "classified occupations", "classified practice", "junior operator", and "operator" from appropriate statutory provisions;
 - (6) To prohibit cosmeticians from using a mechanical or electrical apparatus or appliances considered to be medical prescriptive devices;
 - (7) To create consistent statutory definitions for "cosmetologist", "cosmetology", "manicurist", "managing operator", and "temporary permit";
 - (8) Provided a definition for "temporary permits" with the exception of beauty operators who practice their trade for educational purposes, to specify only persons registered as cosmetologists can practice their trade in this State, and only in registered beauty shops;
 - (10) To clarify that the categories of examinations shall be limited to cosmetologist, hairdresser, cosmetician, manicurist, and instructor;
 - (11) To require that a cosmetologist applicant shall be at least sixteen years old and have an education equivalent to the completion of high school, and has either three thousand six hundred hours of training as an apprentice, or one thousand eight hundred hours of training in a registered beauty school;
 - (12) To require that a hairdresser applicant be at least sixteen years old, and have an education equivalent to the completion of high school, and has either two thousand five hundred hours of training as an apprentice, or one thousand two hundred fifty hours of training in a registered beauty school;
 - (13) To require that a cosmetician applicant be at least sixteen years old and have an education equivalent to the completion of high school, and has one thousand one hundred hours of training as an apprentice or five hundred fifty hours of training in a registered beauty school;
 - (14) To require that a manicurist applicant be at least sixteen years old, and have an education equivalent to the completion of high school, and has either seven hundred hours of training as an apprentice, or three hundred fifty hours of training in a registered beauty school;
 - (15) To allow an applicant who fails an initial examination to file another application with the required fees;
 - (16) To allow an applicant to apply for a temporary permit provided that the applicant pass the third examination as consecutively scheduled by the board.
 - (17) To establish violations for which the Board may take disciplinary action, and the appropriate amount of fines it may impose for each violation;
 - (18) To provide a right to request a hearing within sixty days of the date of a certificate denial or refusal; and
 - (19) To provide technical and grammatical corrections to the bill to clarify the language of the provisions and for purposes of consistency.

Upon further consideration, your Committee has amended the bill by providing that temporary permits shall not be effective for more than two years from the date of issuance in page 4, line 22, of the bill.

Your Committee has amended the bill further by adding a new requirement that board members affiliated with any school teaching any of the classified occupations shall disclose that affiliation and adhere to the provisions of Chapter 84 and the interpretations of that chapter by the State Ethics Commission.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 520, 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. 520, H.D. 1, S.D. 1, C.D. 1.

Senators Cobb, Kuroda and Ikeda
Managers on the part of the Senate

Representatives Hirono, Metcalf, Hagino, Hiraki and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 103 on H.B. No. 1530

The purpose of this bill is to require all financial institutions which provide mortgage life insurance to mortgagors without charge for a period less than the term of the mortgage, when the insurance is not a condition of obtaining the mortgage, to provide the mortgagor with a form prior to the expiration of the period of free coverage to allow the mortgagor to accept the continuance of the mortgage life insurance coverage at a fee or to decline continued coverage. The same provisions apply to individuals acting on behalf of casualty insurance companies.

This bill also specifies that failure to provide the form shall result in the automatic termination of the policy upon expiration of the period of free coverage, and provides a definition for "mortgage life insurance".

Your Committee has amended this bill to clarify that the requirements and provisions shall apply to all financial institutions, and to specify that:

- (1) The form provided shall contain a designated space in which the insured mortgagor may indicate his or her desire to continue or discontinue the policy after the period of free coverage has expired;
- (2) The form shall also clearly indicate the amount of the premium to be charged to continue the coverage; and
- (3) Failure to provide the form shall not result in the automatic termination of the policy, if the mortgagor indicates otherwise in writing to the bank.

Your Committee has amended the bill further by adding in section 1 of the bill the original substance of H.B. No. 1530, which provides that mortgages which secure future advances shall be superior to any subsequently recorded mortgages, lien, or other encumbrances or conveyances, other than liens for real property taxes and assessments for public improvements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1530, 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. 1530, H.D. 1, S.D. 1, C.D. 1.

Senators Cobb, Blair and Ikeda
Managers on the part of the Senate

Representatives Hirono, Hiraki, Andrews, Shito and Jones
Managers on the part of the House

Representatives Andrews and Jones did not sign the report.

Conf. Com. Rep. No. 104 on H.B. No. 285

The purpose of this bill is to delete the July 1, 1987 termination date of Act 107, Session Laws of Hawaii 1984, relating to the arbitration of disputes involving horizontal property regimes.

The bill also has an added provisions which requires increased disclosure to prospective purchasers of condominium dwelling units of various aspects of the governance of such projects. Your Committee upon further consideration has amended the bill by deleting this provision.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 285, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 285, S.D. 1, C.D. 1.

Senators Cobb, B. Kobayashi and A. Kobayashi
Managers on the part of the Senate

Representatives Hirono, Hiraki, Andrews, Hayes and Jones
Managers on the part of the House

Conf. Com. Rep. No. 105 on H.B. No. 1525

The purposes of this bill were to establish definitions of "class action" and "de facto class action" and to make several amendments to chapter 480, Hawaii Revised Statutes, including the following:

- (1) Provided that the \$1,000 minimum recovery provision is only applicable to consumer suits based on unfair or deceptive practices brought under section 480-2, unfair and deceptive practices;
- (2) Provided that persons may file class action and de facto class action suits under section 480-13 without regard to the actions of the department of the Attorney General;
- (3) Clarified that those persons who file class action and de facto class action suits under section 480-13 may only be compensated for actual damages and costs;
- (4) Provided that the courts and the Office of Consumer Protection shall be guided by rules of interpretation given by the Federal Trade Commission; and
- (5) Provided that suits based upon unfair or deceptive acts or practices under section 480-2 may be brought only by consumers, the Attorney General, or the Office of Consumer Protection, in effect precluding its application to private disputes between businessmen.

Your Committee finds that current law is unclear and the procedure confusing. Upon further consideration, your Committee has made numerous amendments which include the following:

1. Created a new definition of "consumer" which means a natural person who, primarily for personal, family, or household purposes, purchases, attempts to purchase, or is solicited to purchase goods or services or who commits money, property, or services in an investment;

2. Amended section 480-2, Hawaii Revised Statutes, by requiring that the court and Office of Consumer Protection shall be guided by rules, regulations, and decisions of the Federal Trade Commission and the federal court and by providing that it shall not be necessary to show that the proceeding or suit brought under this section would be in the public interest and that no other person other than a consumer, the Attorney General or the director of the Office of Consumer Protection may bring an action under this section. The amendment to section 480-2 is intended to clarify actions for unfair and deceptive acts and is not intended to affect suit based upon unfair methods of competition;

3. Amended section 480-3, Hawaii Revised Statutes, to clarify that, unlike federal antitrust law, state antitrust law allows suit by indirect purchasers as provided in the statute;

4. Amended section 480-13 to further clarify that indirect purchasers injured by an illegal overcharge shall recover only compensatory damages, and reasonable attorneys fees together with the cost of suit and that a consumer action under section 480-2 has the same remedies as those provided for violations of other antitrust provisions;

5. Clarified the remedies provided under section 480-13, Hawaii Revised Statutes, shall be applied in class action and de facto class action proceedings or lawsuits including actions brought in behalf of indirect purchasers by the Attorney General under section 480-14 except that the minimum \$1,000 recovery shall not apply in a class action or a de facto class action lawsuit;

6. Amended section 480-14, Hawaii Revised Statutes, to provide that the Attorney General or the Director of the Office of Consumer Protection may bring a class action on behalf of consumers based on unfair or deceptive acts or practices or practices declared unlawful by section 480-2.

The legislature intends that where both direct and indirect purchasers are in state court, the damages will be limited to threefold damages, apportioned between such purchasers.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1525, 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. 1525, H.D. 1, S.D. 1., C.D. 1.

Senators Cobb, Blair, Chang, B. Kobayashi, Matsuura and Ikeda
Managers on the part of the Senate

Representatives Hirono, Hiraki, Bellinger, Andrews and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 106 on H.B. No. 1849

The purpose of this bill is to prevent the potential contamination of ground water resources with pesticides by prohibiting the mixture of pesticides with water which can occur when a pesticide mixing tank is connected by a hose with a well-head.

Your Committee finds that the amendments agreed upon in Conference Draft No. 1 of this bill are broadly worded and may be subject to misinterpretation. This bill has been amended to insure that under no circumstances shall pesticides be introduced into a potable water supply system. Therefore, this bill has been amended by revising the proposed subsection (6) of S149A-31 as follows:

"(6) Fill with water, through a hose, pipe or other similar transmission system, any tank, implement, apparatus, or equipment used to disperse pesticides, unless the tank, implement, apparatus, equipment, hose, pipe or other similar transmission system is equipped with an air gap or a reduced-pressure principle backflow device meeting the requirements under section 340E-2 and the rules adopted thereunder."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1849, H.D. 1, S.D. 1, C.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1849, H.D. 1, S.D. 1, C.D. 2.

Senators Hagino, Solomon and Reed,
Managers on the part of the Senate.

Representatives Levin, Andrews, Bunda, D. Ige and Isbell,
Managers on the part of the House.

Conf. Com. Rep. No. 107 on S.B. No. 634

The purpose of this bill is to allow public school teachers, whose hours are equal to one-half of a full time equivalent position, to be served by an exclusive collective bargaining unit representative.

The bill would also grant civil service status, including the ten-month work year salary schedule enjoyed by their certified peers, to twelve-month special services personnel who were hired by the Department of Education in response to the federal Education for All-Handicapped Children Act.

With regards to representation of half-time public school teachers, your Committee finds that present law is intended to provide collective bargaining coverage to any employee who works one-half or fifty percent of the full-time equivalent, rather than twenty hours per week per se. Since full time public schools teachers work a thirty-five hour work week, part-time teachers working seventeen and one-half hours or more should be covered.

With regards to special services personnel, your Committee finds that they perform substantially similar functions as certified Department personnel and should be afforded the same employment conditions, including civil service status and the ten-month work year with salary prorated over a twelve month period.

Your Committee has amended this bill by making several technical changes which have no substantive effect but which conform the bill to recommended drafting style and correct drafting errors:

- 1) Page 4, line 22: correct typographical error by omitting space to connect sentence.
- 2) Page 5, line 4: add phrase "to be appropriately designated and to".
 - line 5: replace "Sec." with "S" and double underscore title.
 - line 9: delete the period after 94-142 and replace with comma.
 - line 11 and 12: lower case the letter c in Chapter.

line 12: delete semi colon after Chapter 77 and replace with period.

line 13: capitalize t in the.

line 16: change the word Act to section and delete semi colon and replace with colon after "provided that".

3) Page 6, line 2: remove underscore from closing quotation mark.

line 7: delete "and".

line 9: change "chapter" to "chapters".

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 634, 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. 634, S.D. 1, H.D. 1, C.D. 1.

Senators Yamasaki, Mizuguchi, Nakasato and Ikeda
Managers on the part of the Senate

Representatives Takamine, Souki, Horita, Taniguchi and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 108 on S.B. No. 1000

The purpose of this bill is to implement the recommendations made in the job evaluation study of selected State and county civil service job classes pursuant to Act 157, Session Laws of Hawaii 1986. The measure also includes a \$2 million appropriation to fund the proposed statutory adjustments.

Act 157 was enacted to establish in the State a public policy to achieve an equitable relationship between the value of work performed by state and county civil service employees and their salary or wage schedules. To carry out this purpose, Act 157 authorized the hiring of a consultant to conduct a study and to make recommendations to the Legislature in 1987.

Your Committee has amended the bill by changing the appropriation amount from \$2,000,000 to \$850,000 to fund the adjustments in Sections 3 and 4 of this bill. The funds shall be appropriated for fiscal year 1987-1988 rather than for fiscal years 1987-1989.

Your Committee has further amended the bill to delete reference to a Senate Draft 1 which was inadvertently included in the bill presently before your Committee.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1000, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1000, H.D. 2, C.D. 1.

Senators Nakasato, Yamasaki and Reed
Managers on the part of the Senate

Representatives Takamine, Souki, Horita, Taniguchi and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 109 on S.B. No. 486

The purpose of this bill is to provide that any person who causes the death of, or serious bodily injury to another person while driving under the influence of intoxicating liquor, shall be guilty of a class C felony.

The Senate and House of Representatives are gravely concerned that people are being seriously injured and dying on the highways because of drunk drivers. The community as a whole joins in this concern, and testimony was received in favor of mandatory terms of imprisonment, and heavier terms of imprisonment if a second offense occurs within a short period of time. For these reasons, your Conference Committee amended the bill with regard to causing death or injury while driving under the influence of intoxicating liquor as follows:

a) establishing the crimes of negligent homicide, grave bodily injury, and serious bodily injury caused by driving under the influence of intoxicating liquor;

b) establishing the penalties for a first offense for negligent homicide and grave bodily injury as Class C felonies, with a mandatory term not to exceed 1 year imprisonment, a fine of not

less than \$500 nor more than \$5,000, be referred to a court approved alcohol rehabilitation program as provided in 291-4(c), and have the driver's license promptly revoked and be prohibited from applying for a new license for not less than 1 year after completion of the term of imprisonment;

c) for a second offense of negligent homicide and grave bodily injury within five years of the first offense, a minimum term of imprisonment of 5 years, and the same fine, referral to an alcohol rehabilitation program, and license revocation and prohibition for reapplying for a license.

d) establishing penalties for a first offense for serious bodily injury of up to 1 year imprisonment, a fine not to exceed \$1,000, and the same referral to an alcohol rehabilitation program, and license revocation and reapplication prohibition. For a second offense, the penalty becomes a mandatory term of 1 year imprisonment, a fine of \$1,000, referral to an alcohol rehabilitation program, and license revocation and reapplication prohibition.

e) in order to give the court discretion to adjust the penalties based on strong mitigating circumstances, the Conference Draft provides that the court can set a lesser minimum term of imprisonment for the crimes of causing grave bodily injury or serious bodily injury.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 486, 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. 486, S.D. 1, H.D. 1, C.D. 1.

Senators Hee, Chang, Fernandes Salling, McMurdo and Reed
Managers on the part of the Senate

Representatives Metcalf, Andrews Bellinger, Yoshimura and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 110 on S.B. No. 769

The purpose of this bill is to clarify several sections of the Hawaii Revised Statutes governing campaign contributions and expenditures.

Your Conference Committee has amended the bill as follows:

- a) In Section 11-191, amended the definition of loan to define what a loan is;
- b) Amended Section 11-203 to allow candidates for statewide offices to hold unlimited fund raisers;
- c) Amended Section 11-209 to leave the present amount per voter for candidates who voluntarily limit their campaign expenditures, but allows the annually compounding to go back to 1979;
- d) In Section 11-212, provided that if aggregate contributions total \$500 or less, a short form report can be filed;
- e) Amends Section 11-209 to require a candidate or committee who exceeds the expenditure limit to notify the commission and all opponents by telephone and in writing on the day he exceeds the expenditure limit;
- f) Restored Subsection 11-216(d) so that filing, investigations, and hearings on complaints are confidential until the commission determines that probable cause exists;
- g) Rescinded the repealing of Section 11-221 which sets the amount candidates for the office of governor, lieutenant governor, and mayor are entitled to receive under Section 11-217 and 11-220;
- h) Deleted the amendments in Subsection 11-222(a) so that upon approval, matching funds are distributed equally between the primary and general elections;
- i) Made other nonsubstantive technical or grammatical changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 769, 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. 769, S.D. 1, H.D. 1, C.D. 1.

Senators Hee, Chang, McMurdo, Menor and George

Managers on the part of the Senate

Senator Menor did not sign the report.

Representatives Metcalf, Hayes, Peters, Yoshimura and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 111 on S.B. No. 847

The purpose of this bill is to change the conditions under which a mandatory sentence can be imposed when a person uses or possesses a firearm while committing a felony.

Section 706-660.1, Hawaii Revised Statutes, presently allows a judge to sentence a person convicted of a felony with a firearm to a mandatory term when a person has the firearm and threatens to use it. This bill as originally drafted would have mandated the court to impose a mandatory term even if the firearm is not used as a threat, is unloaded, and is inoperable.

The Senate Judiciary amended the original bill to allow the judge who sentences a first offender the discretion to review all the circumstances of the crime, and then determine whether a mandatory sentence should be imposed. If, however, a second offense is committed while using or possessing a firearm, the mandatory sentences provided in the bill shall be imposed.

The House Judiciary Committee amended S.B. 847, S.D. 1, to return the statute to its current form by reinserting the "and" between "possession" and "threatened". The House Judiciary Committee stated in House Standing Committee Report No. 1041 that the mere possession of a firearm while committing numerous class C property crimes does not justify mandatory prison terms, even if discretionary.

The House Judiciary Committee also deleted the mandatory prison term for the second firearm offense because it felt the repeat offender statute, section 706-606-5, Hawaii Revised Statutes, adequately addressed the problem of the repeat offender.

Your Committee upon further consideration has amended this bill by reinserting the language of S.B. 847, S.D. 1. Your Committee believes that the provision allowing for judicial discretion in imposing a mandatory term will address the concern that under certain circumstances the mere possession of a firearm may not justify a mandatory prison term.

Your Committee also made a housekeeping amendment adding the words "and attempted murder" and "up to" to line 12 on page 1 of this bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 847, 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. 847, S.D. 1, H.D. 1, C.D. 1.

Senators Hee, Kuroda, Cobb, J. Wong and George
Managers on the part of the Senate

Representatives Metcalf, Cachola, Peters, Shito and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 112 on S.B. No. 320

The purpose of this bill is to conform the Hawaii Income Tax Law to the Internal Revenue Code of 1954, as amended by Congress during 1986, particularly by the Tax Reform Act of 1986. The bill includes provisions granting a food tax credit to each individual, a capital goods tax credit, and an exemption from the general excise tax for export sales.

This bill is the Governor's tax package which was submitted to the Regular Session of 1987. The package contains many of the ideas discussed by the Legislature during the past three years—the exemption from the general excise tax for export sales, the exemption of exported computer services, and a capital goods excise tax credit in place of the exemption from general excise tax of capital goods sales which the Legislature considered. In order to fully appreciate this combination of executive and legislative tax policy, this committee report will discuss the changes in order.

Tax Reform Act of 1986

The Federal Tax Reform Act of 1986 is said to be one of the most important pieces of tax

legislation enacted by Congress during the past ten years. Certainly, the Act is massive and extensive. For some, the Act is tax simplification in that taxpayers are dropped from the tax rolls due to increased personal exemptions and standard deductions. For others, the Act complicates income taxes.

Some of the major changes to the Income Tax Law contained in the Tax Reform Act of 1986 and adopted in this bill are the repeal of the zero-bracket amounts and the substitution of standard deduction amounts. These amounts in the state income tax law have been increased to maintain a one-third relationship between the federal amounts and the state amounts. This one-third relationship is based on the federal amounts as they will exist in 1988.

The federal amendments to the Code adopted in this bill include:

- (1) The elimination of the itemized deduction for sales taxes.
- (2) The phased-in elimination of the itemized deduction for consumer or personal interest.
- (3) The adoption of a 2 per cent of adjusted gross income floor for itemized miscellaneous deductions.
- (4) The phase-out of the deduction for individual retirement accounts for those individuals who participate in a pension plan and who are in higher income brackets.
- (5) The limitation of the deduction of business meals and entertainment expenses to 80 per cent of the amount qualifying for the deduction.
- (6) The increase of the floor on itemized medical expense deductions from 5 to 7.5 per cent of adjusted gross income.
- (7) The elimination of the \$100 exclusion for dividends.
- (8) The treatment of net capital gains as ordinary income and elimination of the partial exclusion of capital gains from income.

This bill also conforms the claim of exemption for nonprofit status under the state income tax law to the federal provisions. This will ease compliance for both those claiming the exemption and the Department of Taxation. The requirement that all S corporation shareholders be state residents is eliminated to allow nonresident shareholders. With the increase in the number of S corporation shareholders allowed under the Income Tax Law during the last ten years, requiring all S corporation shareholders to be state residents prevents individuals from moving out-of-state and undesirably limits the use of S corporations.

For the first time since 1965, state income tax brackets and rates are substantially amended. The number of income tax brackets are reduced from the present 12 to 8. The top income tax rate is reduced from 11 per cent to 10 per cent. This reduction in rates is reflected in all brackets. The lower tax rates and reduced number of brackets will help to alleviate bracket creep due to increased income and inflation. Coupled with the food tax credit discussed later, the new rates and brackets will maintain progressivity while providing relief from the income base broadening effects of the Tax Reform Act. In all, about 88 per cent of all single filers, 79 per cent of all joint returns, and 90 per cent of all head of household filers will have a net savings in income taxes.

On the corporate side, the top corporate income tax rate is reduced slightly and three brackets are substituted for the present two. Favorable tax rates are provided for small corporations with taxable income of less than \$25,000.

One of the major questions raised concerning this bill is the treatment of net capital gains as ordinary income and the elimination of the exclusion of 60 per cent of the gain from income for individuals and the special capital gain tax rate for corporations. People have indicated that it is unfair for the State to make the treatment of capital gains in this bill retroactive to January 1, 1987, as many had assumed that the State would continue the old treatment and planned accordingly. Your Committee finds that there are few persons in this category and that full public notice of the retroactive date was not available until late February when the short form bill was reported out of the House Finance and Senate Ways and Means Committees. Since there was a lack of public notice, your Committee finds that it is equitable to extend the treatment of capital gains under the old law through March 31, 1987.

Further review by your Committee has led to the amendment of this bill to provide a cap on the taxation of capital gains for individuals and a special capital gains tax rate for corporations. This is particularly necessary due to Hawaii's inflated prices for real property, as

the elimination of favorable capital gains treatment entirely would be especially burdensome to Hawaii's people and businesses.

Your Committee finds that this impact would be greatest on those elderly who are ready to sell their homes and move into a smaller house, or who wish to move into a care home or the like. Failure to alleviate the impact of taxing capital gains totally as ordinary income would lead to a large reduction of the available income that the elderly are able to use after such a sale. The creation of a cap for individuals and a special tax rate for capital gains for corporations will go far to alleviate this problem. The cap for individuals is established at a 7.25 per cent top income tax rate and is similar to the cap imposed by the Internal Revenue Code. In the case of corporations, a special capital gains tax rate of 4 per cent is instituted. Due to the reliance of the Department of Taxation on substantial revenues being generated through the total elimination of favorable capital gains treatment, the institution of the cap for individuals and the special rate for corporations has required your Committee to slightly increase the corporate tax rates to make up for lost revenues. Similarly, the food tax credit is reduced from \$50 to \$45 to compensate for the loss of projected revenues. The rates and tax amounts for heads of household have also been slightly modified to accommodate the capital gains cap.

Food Tax Credit

A food tax credit is provided to each individual to be claimed against income taxes. As stated above, the credit has been reduced from \$50 to \$45. The food tax credit was suggested by the administration as a viable alternative to a general excise tax exemption for the sale of food. The first Tax Review Commission found that 25 to 30 per cent of the estimated \$60 million in general excise taxes collected on food sales is reportedly paid by Hawaii's visitors. A food tax credit against income taxes helps Hawaii residents while continuing the export of part of the tax to Hawaii's visitors. A general excise tax exemption, on the other hand, would cause substantial problems for both the taxpayer as well as the administration with no assurance that the consumer would see any real drop in food prices. The food tax credit against income tax liability is fairer and easier to administer and will be more beneficial for those in lower income brackets. Finally, a U.S. Department of Agriculture study made in 1984 indicates that the average single person spends between \$1,000 on food a year on a thrifty budget and about \$2,200 on a liberal budget. The average family of four spends between \$2,900 a year on a thrifty budget and \$6,400 on a liberal budget. Hence, the \$45 per resident food credit appears to be fair as this is about what most people expend a year on general excise taxes for food purchases. This form of tax relief will alleviate somewhat the regressiveness of the general excise tax, and create an automatic savings incentive for the thrifty.

Capital Goods Excise Tax Credit

A capital goods excise tax credit in the amount of 4 per cent on the amount of capital goods purchased is granted to the taxpayer. This credit is allowed for the purchase of tangible personal property which is depreciable and defined in the investment tax credit provisions of the Internal Revenue Code. The credit is deductible against income tax liability for the year in which it qualifies. The credit is allowed to be carried forward for six years, if the taxpayer is unable to offset income tax liability in the first year of claim.

Your Committee has amended this capital goods excise tax credit to phase-in the amount of the credit starting with 3 per cent for calendar year 1988 and going to 4 per cent by 1989. This reduction in the amount of the credit will reduce the initial loss of revenues by the State and will further offset the revenues lost due to the cap on net capital gains and the special corporate capital gains tax rate. More importantly, it will allow the Department of Taxation and the taxpayer time in which to become familiar with the credit.

The credit has also been amended to provide that there is no carryover of credit but instead, if the credit exceeds the income tax liability, the excess of credit will be refunded to the taxpayer. The revenue loss projected by the Department is based on every taxpayer claiming and receiving full use of the credit. Making the credit refundable does not change the revenue loss as the loss figure is based on all persons being able to take advantage of the credit. More importantly, the new business to which this credit is particularly directed will receive the benefit of the credit when it will do the most good, that is, in the early, cash-poor years. A refundable capital goods excise tax credit will go far to help business in this State and to create an atmosphere which will generate new businesses for the benefit of Hawaii and its people.

Export Exemption

The bill provides an exemption for sales of tangible personal property which is shipped out of State where the property is resold or otherwise consumed or used in the purchaser's or taxpayer's business. This exemption will have a small impact on state tax revenues and the projected increase in the volume of exported goods represents an inflow of economic wealth, that is, money coming into the State to pay for goods sold out of State. The new economic wealth will mean an increase in revenues to the State through payroll and property taxes that are included in the cost of tangible personal property exported.

This exemption will allow Hawaii to be more price competitive in the world market. This is particularly true of property which is taxed in Hawaii and then taxed under a sales tax in another state when sold at retail. Since in most instances the cost of goods sold reflects all prior costs and taxes, goods sold in another state from Hawaii cost more than goods produced in that state assuming both types of goods have equal costs of manufacture, other than the general excise tax.

Your Committee has amended this bill to add back the exemption of certain exported computer services. The exemption is provided for technical services necessary to develop, design, modify, and program computer software. The increase in the cost of goods from Hawaii sold in other states is particularly highlighted in the case of the creation of computer software. Since such software represents services according to the Department of Taxation, the general excise tax on such software in Hawaii is at a rate of 4 per cent. When such software is sold, for example, in California, the price of such software includes the 4 per cent Hawaii general excise tax and incurs a 6 per cent California sales tax.

The accumulation of taxes makes it most difficult for Hawaii software to compete in the California market or markets in other states. Your Committee finds that this particular industry is one which cannot compete on the mainland if this exemption is not granted. If the industry cannot compete, then the industry will not locate in Hawaii, to Hawaii's loss. This situation is very apparent, since many of the people in the computer software field have already moved out of the State to other states with better tax climates.

This amendment is necessary to support this desirable high technology industry in Hawaii. Even though substantial distances may exist between the seller and buyer of goods, the computer software industry is made for a state like Hawaii, where location of the business makes little difference. Computer software, if in hard form, weighs little, and even more importantly can be sent by telephone from Hawaii to any place in the world. While your Committee realizes that exemptions of this sort may lead to others requesting a similar exemption, it is not the intention of your Committee to encourage, nor does your Committee encourage, such requests in the future.

Your Committee has also made technical amendments to clarify some of the provisions of the bill. On page 9 of the bill as received clarifying language has been added to subsection (d)(1)(A)(i) to clarify that the reference to section 235-2.4(a), Hawaii Revised Statutes, is to those provisions of section 63(a)(5)(A) of the Internal Revenue Code which are operative under section 235-2.4. The reference in section 235-2.4(a), Hawaii Revised Statutes, to standard deduction amounts in section 63(b) of the Code has been corrected to a reference to section 63(c) of the Code. Review of section 63(f) of the Code indicates that the reference in section 235-2.4(a), Hawaii Revised Statutes, to that section should be that the Code provisions are not operative. The tax rate in section 235-2.4(n)(3) and (4) has been increased from 6 per cent to 6.4 per cent to reflect the amendment to corporate rates in the conference draft. Other technical amendments have been made.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 320, 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. 320, S.D. 2, H.D. 1, C.D. 1.

Senators Yamasaki, Aki, Blair, Fernandes Salling, Hagino, B. Kobayashi, Matsuura, Mizuguchi, Nakasato, Young, Henderson, Ikeda and A. Kobayashi
Managers on the part of the Senate

Representatives Souki, Arakaki, Fukunaga, Horita, D. Ige, M. Ige, Ihara Jr., Kanoho, Kawakami, Leong, Tajiri, Tungpalan, Cavasso, Isbell and Marumoto
Managers on the part of the House

Conf. Com. Rep. No. 113 on S.B. No. 1735

The purpose of this bill is to authorize appropriations for satisfaction of judgments against the State, settlements, the refund of real property taxes and miscellaneous claims as provided by section 37-77, Hawaii Revised Statutes. This bill also appropriates an additional sum for the settlement of Moseman Construction v. State, Civil No. 84-1226.

Your Committee amended this bill by adding to Section 1, the case of Doe v. Mr. and Mrs. A., Civil No. 86-0028, having a claim of \$13,170.53.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1735, 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. 1735, S.D. 2, H.D. 2, C.D. 1.

Senators Yamasaki, Hee and Mizuguchi
Managers on the part of the Senate

Representatives Metcalf, Souki, Bellinger, Hayes and Jones
Managers on the part of the House

Conf. Com. Rep. No. 114 on H.B. No. 310

The purpose of this bill is to expand the boundary of the Kakaako Community Development District to include the waterfront area from Kewalo Basin to Fort Armstrong. The effect of this bill is to enable the Hawaii Community Development Authority (HCDA) to assume authority and responsibility for planning and regulating development activities in this waterfront area.

Your Committee upon further consideration has made the following amendments to this bill:

- (1) Further expanded the boundaries of the Kakaako District to include all fast and submerged lands makai of Nimitz Highway from Pier 8 and Bishop Street to Pier 4.
- (2) Clarified that the area which is within the Kakaako waterfront park boundary may be developed as a "park" rather than a "State park".
- (3) Deleted the Director of the Department of Social Services and Housing and the chairpersons of the respective Senate and House of Representatives committees having primary jurisdiction over the HCDA's activities, as members of the HCDA.
- (4) Changed the effective date of the Act to upon its approval.
- (5) Made technical, non-substantive amendments.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 310, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 310, S.D. 2, C.D. 1.

Senators Chang, Blair, J. Wong, Young and A. Kobayashi
Managers on the part of the Senate

Representatives Shito, Fukunaga, Hayes, Tom and Ribellia
Managers on the part of the House

Representative Fukunaga did not sign the report.

Conf. Com. Rep. No. 115 on S.B. No. 1068

The purposes of this bill as received are to transfer the Office of the Sheriff from the Judiciary to the Attorney General's office and to transfer the Capital security (SLEO) program from the Attorney General's office into a new section of the proposed Department of Corrections in H.B. 5, S.D. 1, H.D. 2.

Your Committee upon further consideration has amended the bill as follows:

1. Deleted the provision transferring SLEO to the proposed department of corrections. Your Committee believes that SLEO performs a law enforcement function and is most appropriately placed under the direction of the Attorney General who is the chief law enforcement officer of the State.
2. Added provisions repealing sections 601-31, 601-32, 601-33, 601-34, 601-35, 601-36, 601-37, and 601-38, Hawaii Revised Statutes, relating to the office of the Sheriff within the Judiciary. The substance of these sections are established under Chapter 28.
3. Repealed section 601-51, Hawaii Revised Statutes, relating to the powers of security personnel and deleted the section in the bill making the same provision. These amendments were made because Section 28-11.5, Hawaii Revised Statutes, already provides adequate powers

to State law enforcement officers employed by the Department of the Attorney General.

4. Deleted the provision that the Office of the Sheriff be transferred to the attorney general "for administrative purposes only". Your Committee notes that the Citizens' Panel on Judicial Administration which recommended that the Office of the Sheriff be removed from the Judiciary also emphasized the management deficiencies of the operations of the Sheriff's office and the lack of control of the Sheriff over those operations. Thus, the Sheriff's office should be subject to the supervision and control of the attorney general.

5. Deleted the first sentence of the section relating to compensation of the Sheriff and first and second deputies. This provision is outdated verbiage.

6. Added a section transferring all rights, power, functions and duties of the judiciary relating to the function of the Sheriff to the Office of the Attorney General, and providing that no employee shall lose any benefit or privilege as a consequence of this transfer.

7. Added a section transferring all records, documents, appropriations, equipment and other property held by the judiciary in the exercise of the Sheriff's function, to the department of the Attorney General.

8. Added a provision that the transfer of the sheriff's office to the department of the attorney general shall be for a limited time period dating from the approval of this bill to June 30, 1988. This amendment was made to allow the Legislature to review the effect of this legislation and find a permanent placement for the sheriff's office. Therefore, section 5 provides that sections 601-31 through 601-38, Hawaii Revised Statutes, shall have no force and effect from the effective date of this bill to July 1, 1988, and those sections shall be superceded by section 1 of this bill.

9. Added a section providing that from July 1, 1988, all rights, powers, functions and duties in the Attorney General's office relating to the function of the Sheriff shall be transferred back to the Judiciary, and that no employees shall lose any benefit or privilege as a consequence of this transfer.

10. Added a section providing that from July 1, 1988, all records, documents, appropriations, equipment and other property held by the Attorney General's office in the exercise of the Sheriff's function shall be transferred back to the Judiciary.

11. Added a new section to Chapter 26, Hawaii Revised Statutes which would establish executive personal security officers within the Office of the Governor and the Office of the Lieutenant Governor whose primary function would be to provide security coverage for those executives. Currently, personnel from the capitol security program of the Attorney General's office provide such security. Your Committee believes that because these personnel work so closely with the Governor and Lieutenant Governor, they should be appointed and administered by those offices.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1068, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1068, H.D. 1, C.D. 1.

Senators Hee, Chang, McMurdo, J. Wong and George
Managers on the part of the Senate

Representatives Metcalf, Andrews, Bellinger, Takamine and Hemmings Jr.
Managers on the part of the House

Representative Takamine did not sign the report.

Conf. Com. Rep. No. 116 on H.B. No. 49

The purpose of this bill is to appropriate funds to the programs of the Judiciary for the 1987-89 biennium.

INTRODUCTION

Each year since 1974, the Judiciary prepares and submits a separate budget document from that submitted by the Executive Branch. This underscores the Judiciary's autonomy as a separate branch of State government. This also imposes upon the Judiciary the responsibility to develop realistic program and financial plans that consider projected State revenues, budget ceilings, general fund expenditures and bonded debt.

Your Committee believes that the State judicial system is one of the finest in the nation -- Hawaii is fortunate in having a single unified court system serving all the people of the State. New systems, unfortunately, grow with imperfection. Your Committee is thus concerned that the Judiciary formulates its budget without consideration of the realities of statewide resource limitations and with an inordinate level of credence in perceived needs. Accordingly, your Committee substantially reduced the funding level for the Judiciary. In making the adjustments, however, your Committee reserved for the Judiciary a degree of flexibility to enable it to meet unbudgeted and unexpected needs.

METHODOLOGY

For the Fiscal Biennium 1987-89, the Judiciary requested its largest budget to date; \$60.8 million and 1,624 positions for FY 88, and \$60.5 million and 1,732 positions in FY 89. This represents increases over the current year funding of 17.5 percent in the first year, and 17.0 percent in the second year. The requested position counts exceed the current year authorization by 13.2 percent in FY 88 and 20.7 percent in FY 89.

In reviewing the details of the Judiciary budget, your Committee found that many requests lacked full substantiation. The reductions recommended by your Committee will bring the Judiciary request, currently \$5.8 million beyond its general fund ceiling, within the appropriation ceiling.

The Senate approached the budget on a line by line "micro" review of proposed expenditures. The House instead chose a "macro" or lump-sum approach taking a current services base and allowing a 4% inflation factor increase for "other current expenses." Despite the decidedly dissimilar approaches the budgets proposed by both houses were remarkably similar. For example, in FY 88 the budgets differed by 1% and in FY 89 by less than 2%.

The unexpected convergence of the budgets served to validate both approaches. The Senate's "line by line" approach provided the detailed examination required to justify modifications to the Judiciary budget. The House's current service plus inflation approach provided a "base" against which budget modifications were measured and served to confirm their validity. As a result, the budget for the Judiciary truly represents a joint effort, on the part of both houses, to tighten spending while still enabling the Judiciary to meet its needs.

THE OPERATING BUDGET

On the whole, the Judiciary's operating budget request has been reduced, but essential programs and operations will not be affected. Some of the significant reductions to the budget reflect the deferral of major purchases, such as the proposed acquisition of a new mainframe computer. The bill also reallocates resources to a limited number of programs for specific purposes to meet priority needs.

For FY 1988, \$52.5 million was appropriated and 1421.5 permanent positions were authorized for operating expenses of the Judiciary which are to be funded by the General Fund. For FY 1989, the appropriations total \$53.4 million and 1441 positions were authorized.

With regard to personal services, 61 new permanent position counts are recommended. Your Committee believes that a larger number of new positions is not warranted, as there are presently more than 100 vacancies in the Judiciary which could be reallocated to address high priority personnel needs. It is noted that 161 new positions were authorized in FY 1985-86, and 6 more were added in FY 1986-87. Your Committee determined that filling existing vacancies and evaluating their impact on workload should precede future requests for additional positions.

Courts of appeal. Your Committee approved a new law clerk position to assist the Supreme Court with case assignments and related matters.

Circuit Courts. Your Committee funded fourteen (14) new positions throughout the circuit court program. Four (4) permanent positions are assigned to the Administrative Judge of the First Circuit to handle increased workload among the motions judges. Your Committee also allocated six (6) court staff positions to the Third Circuit to establish filing capacity for circuit court documents in Kona. Funding has been provided for Gyrr machines to implement an experimental electronic sound recording system for court reporting in the First Circuit.

Family courts. This program received the largest increase in position count. Some forty-five (45) new positions are distributed throughout the State to handle increasing workloads in all aspects of family law. Social workers and support staff have been provided for the juvenile intake and adult services branch. Juvenile detention officers have been authorized due to the increase in admission to Hale Ho'omalau, the detention facility on Oahu. Purchase of service funds have been provided for therapeutic mediation in divorce cases and for the domestic

violence programs statewide. Funding has also been provided by separate legislation to cover increased fees to guardian ad litem and indigent defendant counsel.

District courts. This area experienced a reduction in the number of positions because of a large number of vacant positions. Your Committee, however, funded new and innovative programs such as a pilot video arraignment project to handle increasing workload in Honolulu traffic court.

Your Committee also approved a night court project in Koolaupoko District Court because of the large caseload, but also as an innovative attempt to maximize use of the courtroom and accommodate day workers who would otherwise take off from work to attend court. The biggest new program is some \$284,225 for security equipment to detect weapons on persons attending court. This should reduce future manpower needs. Student help funds have been provided in the First Circuit. A clerk typist has been provided to staff an additional courtroom in Koolaupoko. Clerk typists have also been provided to the Traffic Violations Bureau in Wailuku and the Lahaina District Court.

Administrative director services. Your Committee also funded ten (10) new positions for this program. Four of the positions addressed the concerns raised in the Report of the Citizens Panel reviewing the Judiciary, as well as the Arthur Young report recently presented to this Legislature. These positions will go to the fiscal and audit sections for cleaning up the operation in the Judiciary. Two purchase of service programs received increased funding: the Neighborhood Justice Center and the Waiakea YMCA Mediation program.

Your Committee encourages the Judiciary to allocate some vacant positions to address the concerns of the two reports, as well as altering the management structure and procedure to otherwise improve the Judiciary's fiscal performance.

THE CAPITAL IMPROVEMENTS BUDGET

The Judiciary's capital improvements budget request for the 1987-89 fiscal biennium totaled an unprecedented \$67 million. Your Committee's evaluation is that the various projects being proposed represent an unrealistic capital improvements program based on extravagant assumptions and expectations. There appears to be no justification for these costly projects in terms of need, increasing caseloads, or marked deficiencies in existing facilities. Therefore, your Committee recommends deferral of the proposed Oahu Family Court Center, the Hilo Judiciary complex, the Kauai Judiciary complex, the Molokai, Wahiawa, Makawao, and Koolaupoko district courts until such time as the Judiciary can present to the Legislature a more realistic program for the cost-effective provision of judicial services in the rural areas of the State.

In light of the above, your Committee appropriated the sum of \$1,000,000 for (1) remodeling and upgrading of Judiciary buildings statewide, and (2) advance planning for improving Judiciary facilities statewide.

SUMMARY

Your Committee finds that the Judiciary budget requested for the next biennium is significantly overstated, and in many areas, the requests have not been justified.

Your Committee notes that despite the budget reductions, the Judiciary retains limited, but still sufficient flexibility and control to reallocate its budgeted resources. The provisions of this Act allow sufficient funds to be transferred between programs.

Ours is a complex society, and surely the Judiciary's role in that society is made more difficult by ever-increasing demands for public services and the expeditious dispensation of justice. It is essential, however, that public funds expended in operating our judicial system be prudently allocated, as the State's resources are not infinite.

Your Committee finds that there is a need for a comprehensive review of management practices in the Judiciary, in terms of systems, techniques, and expectations. In the process of reviewing the Judiciary's budget, your Committee found a lack of overall goals and specific objectives to which the proposed expenditure of funds can be related. Your Committee urges the Judiciary to scrutinize closely its operations and give careful consideration to developing definitive plans for coping with identified problems and issues, and to set objectives by which its accomplishments and anticipated outcomes can be measured. Your Committee believes that a thorough management review will assist the Judiciary in carrying out its responsibilities more efficiently and effectively, and should, therefore, be accorded the highest priority.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 49, 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. 49, H.D. 1, S.D. 2, C.D. 1.

Senators Yamasaki, Aki, Blair, Fernandes Salling, Hagino, Hee, B. Kobayashi, Matsuura, Mizuguchi, Nakasato, Young, Henderson, Ikeda and A. Kobayashi
Managers on the part of the Senate

Representatives Souki, Arakaki, Fukunaga, Horita, D. Ige, M. Ige, Ihara Jr., Kanoho, Kawakami, Leong, Tajiri, Tungpalan, Cavasso, Isbell and Marumoto

Conf. Com. Rep. No. 117 on S.B. No. 1367

The purpose of this bill is to increase the monthly retirement allowance starting July 1, 1987, for each retirant and pensioner with at least ten years of credited service who retired prior to July 1, 1982, and who was receiving a retirement allowance from the employees retirement system on June 30, 1987.

Your Committee has amended the bill by inserting the amount of \$3.7 million to be expended by the department of budget and finance for the fiscal biennium 1987-1989 for an additional \$2.00 a month for each year of the retirant's or pensioner's credited service, if the person retired prior to July 1, 1965, and an additional \$1.00 a month for each year of the retirant's or pensioner's credited service, if the person retired after June 30, 1965, but prior to July 1, 1975.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1367, 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. 1367, S.D. 1, H.D. 2, C.D. 1

Senators Yamasaki, Nakasato and A. Kobayashi
Managers on the part of the Senate

Representatives Takamine, Souki, Ihara Jr., Tungpalan and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 118 on H.B. No. 35

The purpose of this bill is to regulate the water resources of the State of Hawaii for the benefit of its people.

Article XI, Section 7, of the Constitution of the State of Hawaii mandates the State's obligation "to protect, control and regulate the use of the Hawaii's water resources for the benefit of its people", and requires that:

"(t)he legislature shall provide for a water resources agency which, as provided by law, shall set overall water conservation, quality and use policies; define beneficial and reasonable uses; protect ground and surface water resources, watersheds and natural stream environments; establish criteria for water use priorities while assuring appurtenant rights and existing correlative and riparian uses and establish procedures for regulating all uses of Hawaii's water resources."

Recognizing the magnitude and importance of this charge to the State by the 1978 Constitutional Convention, your Committee on Conference has resolved the differences in the two versions of the Water Code. Your Committee wishes to express its deep appreciation to the late Richard A. Kawakami, Speaker of the House of Representatives of the Fourteenth Legislature, State of Hawaii, for his leadership and inspiration for final passage of this important legislation which will seek to preserve for the citizens of this State this most precious natural resource. Speaker Kawakami's gentle prodding brought this Water Code to resolution after nearly nine years of debate.

Both House and Senate versions of the Water Code are similar in concept. The House version (H.D. 1) and the Senate version (S.D. 2) are compared as follows:

<u>HOUSE</u>	<u>SENATE</u>
Findings	Findings
Part	Part
I Administrative Structure	I Administrative Structure
II Reports on Water Use	II Reports on Water Use
III Hawaii Water Plan	III Regulation of Water Use
IV Regulation of Water Use	IV Water Quality

V Water Quality
 VI Instream Uses of Water
 VII Wells

Water Code Review Commission
 No State Mandate
 Repeal of Chapters 176, 176D,
 177, and 178
 Nomination Procedure for Water
 Resources Board
 Transition Provisions
 Severability
 Appropriation
 Effective Date

V Instream Uses of Water
 VI Wells
 VII Stream Diversion Works
 VIII Native Hawaiians Water Rights

Transfer Provisions
 Water Code Review Commission
 No State Mandate
 Repeal of Chapters 176,
 176D, 177, and 178
 Appropriation
 Effective Date and Transition
 Provisions

The major differences between the two Houses have been resolved as follows:

- (1) The new six person, part-time, unpaid commission on water resource management is established in the Department of Land and Natural Resources. The chairperson of the Board of Land and Natural Resources will be the chairperson of the Water Resources Commission. The Director of the Department of Health will serve as an ex officio voting member of the Commission. Four other members will be selected by the Governor from a slate recommended to the Governor by a selection commission and shall be subject to confirmation by the Senate.
- (2) A first deputy to the chairperson of the Commission is to be appointed by the chairperson with majority approval of the Commission. This deputy is to be someone other than any other first deputy to the chairperson as head of the board of land and natural resources. The Commission's first deputy shall be its chief executive officer.
- (3) The counties' powers to plan and zone shall not be affected by the Code. Rights to use of water resources cannot be acquired by prescription.
- (4) The Water Commission is charged with the administration of the Water Code with specific functions spelled out, including the establishment of an instream use protection program (part VI) and a permit system (part V). It is not the intent, however, to require an instream use permit for routine stream maintenance activities or for projects which have commenced construction.
- (5) A statewide dispute resolution mechanism is created in this Act to bring all water disputes before the Commission, rather than the courts, for expeditious and inexpensive resolution of conflicts both within and outside designated water management areas.

Your Committee believes that the Commission has the authority to and should adopt rules for the resolution of disputes which would include but not be limited to the inexpensive and timely determination of appurtenant rights, existing riparian uses, and existing correlative uses in disputes brought before the Commission; and the issuance of orders and rulings to protect the rights and uses of parties as determined by the Commission. Both Houses agree that the final decision on these matters shall be made by the Commission. To the extent that the Commission believes further legislation in this area would be beneficial, the legislature would expect and welcome such proposals from the Administration.

- (6) Any affected county agency may be admitted as a party to proceedings upon request.
- (7) Reports of Water Use (part II) has been rewritten. A person shall declare and seek a certification of one's water use pursuant to Commission rules. The Commission is required to give notice of such rules by publication and by personal mailed notice to certain parties. The contents of the declarations are specified and if approved, the Commission shall issue a certificate describing the use. Hearings shall be held, if requested. Upon termination of a certified use, the certificate owner shall file a report with the Commission.

The section on certificates of use is intended to afford protection to constitutionally recognized interests under Article XII, Section 7 of Hawaii's Constitution that are not in designated areas. The Commission should adopt rules to provide adequate notice and procedural safeguards for all users including actual notice of applications to other users, that may be affected, hearing procedures, and conditions in a manner similar to that

provided for permits in designated areas. Certificates of use shall be subject to appurtenant rights, existing riparian uses, and existing correlative uses.

- (8) An entire new part III describing the Hawaii Water Plan is added. This is essentially the provisions contained in H.B. No. 35, H.D. 1.
- (9) Water management areas may be designated under specific criteria, including situations where serious disputes are occurring or where increasing or proposed diversions of surface water may detrimentally affect existing instream uses or existing offstream uses.
- (10) The county shall notify the Commission within sixty days after receipt of notice of a permit request as to whether a proposed use is inconsistent with county land use plans and policies. In addition, requests for water in "an amount per month established by rule" may be made without modifying the permit. Existing uses of water in newly designated areas may continue until the Commission has acted on permit applications.
- (11) Appurtenant rights may not be lost. Riparian and correlative uses are protected in designated areas.
- (12) Jurisdiction over water quality has been expanded to also provide for exchange of information and for the formulation of a state water quality plan by the department of health.
- (13) The Commission is directed to implement instream flow standards when disposing of water from state watersheds and when regulating use of lands and waters within conservation districts.

To the fullest extent possible, it is the intent of the Legislature that interim instream flow standards be established prior to either new or expanded diversions of water from a stream. Protection of our streams is an important part of the water code.

It is your Committee's recommendation that the interim instream flow standards be undertaken by a joint Department of Land and Natural Resources, and appropriate federal agencies such as the U.S. Fish and Wildlife Service and U.S. Geological Survey, in order to take advantage of in-house, least-cost expertise.

- (14) Your Committee deleted the provision relating to the prohibition of the sale of water covered by permits and the ability of permittees to recover the costs of development and distribution of water. However, this deletion does not imply that the "sale" of water is affirmatively sanctioned by this Act; nor does this deletion imply that this Act curtails the ability of permittees to recover costs of developing and distributing water subject to the provisions of this Act.
- (15) In part IX on Native Hawaiian Rights, the cultivation or propagation of taro on one's own kuleana has been added to the enumeration of items considered traditional and customary.
- (16) The Commission is mandated to adopt interim instream flow standards for Windward Oahu by July 31, 1987, for East Maui and Kauai by December 31, 1987, for Hawaii and Molokai by July 1, 1988, and for West Maui and Leeward Oahu by December 31, 1988.
- (17) Other nonsubstantive changes were made throughout the Code for purposes of clarity.

The provision transferring functions from the department of land and natural resources to the department of agriculture has been deleted because there is a separate bill which provides for managing irrigation water facilities.

The appropriation to the department of land and natural resources has been adjusted to provide for \$861,000 in fiscal year 1987-1988 and \$410,000 in fiscal year 1988-1989.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 35, 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. 35, H.D. 1, S.D. 2, C.D. 1.

Senators Yamasaki, Aki, Hagino, Matsuura and A. Kobayashi,
Managers on the part of the Senate.

Representatives Levin, Souki, D. Ige, Lee and Pfeil,
Managers on the part of the House.

Conf. Com. Rep. No. 119 on H.B. No. 1500

The purpose of this bill is to establish a training program within the Department of Labor and Industrial Relations ("Department") to provide pre-employment training or retraining of local workers or those workers who are living in the State to meet the specific needs of qualifying businesses in the State.

Your Committee finds that Hawaii's property and place in the world economy ultimately depend on the value of the work our people do. Their knowledge, skills, wisdom, enthusiasm and versatility can give Hawaii a great competitive advantage in the international market for goods and services.

Your Committee finds, however, that this advantage is now at considerable risk because of a lack of attention to retraining and upgrading the skills of Hawaii's workers to meet the new demands of and to capitalize on the advantages offered by high technology and to afford individuals an opportunity to move into higher levels of interest, responsibility and creativity.

The establishment of the New Industry Training Program, as provided by this bill, is consistent with the State's goal of economic diversification, in general, and high technology development, in particular. This bill would forge a new and exciting partnership between the State and private enterprise which would increase the State's labor force of trained workers and attract new companies to the State's labor force of trained workers and attract new companies to the State's developing high technology parks. Implementation of the New Industry Training Program will coincide with the opening of these facilities, thereby providing an inducement for businesses to relocate to Hawaii and hire workers who are now living in the State and to expand existing operations within the State.

The program would be administered by the Department with moneys to be used to design training or retraining programs to meet the needs of qualifying businesses, to reimburse instructors, to rent appropriate training facilities and equipment, to purchase or develop instructional materials and for other training-related expenses. The bill provides for utilization of resources from the University of Hawaii, High Technology Development Corporation and other public or private entities, and authorizes the Department to contract with these entities to meet training needs.

In order to qualify under the program, the bill requires the business to: be licensed to do business in Hawaii; establish or expand operation in Hawaii; and be engaged in growth industry. Finally, the bill also authorizes the Department to adopt rules to further clarify eligibility requirements for businesses and industries, individuals for job training and types of job positions targeted for training. Although the bill provides for full funding of the proposal, it is expected that the department will excuse case and retrain in ensuing that the program will commence with the appropriate scope, scale and direction.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1500, 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. 1500, H.D. 1, S.D. 2, C.D. 1.

Senators Yamasaki, Chang, Nakasato and A. Kobayashi
Managers on the part of the Senate

Representatives Takamine, Fukunaga, Crozier, Horita and Marumoto
Managers on the part of the House

Conf. Com. Rep. No. 120 on H.B. No. 42

The purpose of this bill is to organize and sponsor a conference on Hawaii's workers' compensation state fund which was created by the legislature in 1985.

Your Committee amended the bill by increasing the appropriation to carry out the purposes of the bill from \$100,000 to \$150,000 and amending the effective date from July 1, 1988 to the date that the bill is approved.

Your Committee on conference is in accord with the intent and purpose of H.B. No. 42, H.D. 1, S.D. 1, is amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 42, H.D. 1, S.D. 1, C.D. 1.

Senators Yamasaki, Nakasato and A. Kobayashi
Managers on the part of the Senate

Representatives Takamine, Hirono, Souki, Horita and Pfeil
Managers on the part of the House

Conf. Com. Rep. No. 121 on H.B. No. 706

The purpose of this bill is to increase the present minimum hourly wage from \$3.35 per hour to \$3.85 per hour beginning January 1, 1988.

Your Committee finds that previous legislation to raise the minimum wage dates back to June of 1978 when the minimum wage was raised to \$2.65 per hour. The last increase to \$3.35 per hour became effective on July 1981. Since then, there has been no increase. As a result, the real wage rate of Hawaii's workers has declined to its lowest level since 1955.

Today, a head of a family of four who is employed on a full-time basis at \$3.35 per hour is considered to be living in poverty. The February 1986 federal government's poverty income criterion for a Hawaii family of four is \$12,650 annually, or the equivalent of an hourly wage of \$6.08. A worker would only earn \$6,968 annually at the present minimum wage. The adjustment of the minimum wage to \$3.76 beginning January 1, 1988 will partially restore the lowest paid workers in Hawaii to a more tolerable standard of living. Moreover, by subsequent increases in the minimum wage level, the work ethic is reinforced by providing an incentive for people to work rather than depend on welfare payments. Few would disagree that work should pay more than welfare.

In order to provide a meaningful floor on wages in America, Congress is currently considering amendments to the Fair Labor Standards Act (FLSA) which would restore the minimum wage level to a percentage of the hourly wage of other private sector, nonsupervisory workers. Restoring the historic relationship of the minimum wage to the private sector rate at a level which existed in the 1960's and 1970's is being recommended. The National Council on Employment Policy proposes that the minimum wage level be set at 50% of the average in the private sector, which would result in a current rate of \$4.40 (since the average private nonsupervisory hourly rate is \$8.80 per hour).

Your Committee does not believe that Hawaii should forestall increases in the minimum wage based on possible Congressional action because such relief is uncertain. Your Committee believes that a single increase in minimum wage would be appropriate at this time. The increase will be to \$3.85 per hour effective January 1, 1988.

The bill has also been amended to delete any changes in Chapter 387 as it relates to tipped category employees and student workers. The only amendment to the current law is to Section 387-1.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 706, H.D. 1, S.D. 1, S.D. 2 as amended herein and recommends that it pass final reading in the form attached hereto as H.B. No. 706, H.D. 1, S.D. 1, S.D. 2, C.D. 1.

Senators Yamasaki, Blair, Nakasato and Ikeda
Managers on the part of the Senate

Representatives Takamine, Fukunaga, Horita, Taniguchi and Marumoto
Managers on the part of the House

Representative Fukunaga did not sign the report.

Conf. Com. Rep. No. 122 on H.B. No. 445

The purpose of this bill is to amend Chapter 394B, Hawaii Revised Statutes, to provide further assistance and relief to workers who are suddenly displaced as a result of plant closures, partial plant closures, and relocations of business establishments.

We reaffirm the original intent and purpose of Chapter 394B as enacted in 1983 and find more than ever that the unannounced and sudden shut down of business establishments threatens to irreparably harm affected employees, their families and the local communities where they reside. A recent study of the bureau of labor statistics estimates that approximately 5.1 million workers over the age of 20, having worked for three years or more, have lost jobs between January 1979 and January 1984 because of plant shutdowns or relocations, slack work, or abolishment of shifts or jobs. The most frequent reason for closing a facility was a change in company markets (products or process obsolescence, or increase domestic or foreign competition) which was cited by nearly one-half of the respondents to a study conducted in 1986. Organizational change (acquisition of new company, change in production or distribution technology) was cited by nearly one-third of the study's respondents. Facility characteristic (obsolete plant or unproductive work force) and community problems (access to raw materials or local taxes) were among the reasons given.

Section 1 of this bill identifies the problem of unexpected and sudden lay offs or terminations and their consequences. The purpose and objective of this bill is to provide protection to all employees who may suffer the effects of displacement due to various forms of business transactions.

Section 2 of this bill establishes the scope and extent of the coverage to the enactment. In defining "closings", "partial closings" and "relocations", your Committee clearly and expressly intends to cover sales, transfers, mergers and modifications of franchise agreements which result in lay offs and terminations of employees. Thus, for example, where an establishment is sold and the seller continues to operate on a franchise basis with the new owner, such a sale would be considered a closing if it results in the actual or potential lay off or termination of employees. Any change in ownership which has the net effect of an actual or potential displacement of workers should come within the purview of this enactment. Also, by the inclusion of partial closings, your Committee intends that an employer who gradually phases down operations be covered within the scope of Chapter 394B.

However, your Committee does not intend this bill to apply to lay offs which occur when construction projects are completed. Construction workers who are referred through hiring halls have other means of assuring stability in employment by appropriate job placements from one project to the next. The protection extended by this enactment is therefore limited to those industrial settings where work is not organized by projects of limited duration.

Section 3 of this bill adds new sections to Chapter 394B. The first part on "Notification" requires an employer in a covered establishment to provide to each employee and the Director of Labor and Industrial Relations written notification of a closing, partial closing, or relocation at least forty-five days prior to its occurrence.

The second part of Section 3 of this bill on "Dislocated Worker Allowance" provides for the payment of dislocated worker allowances. These payments are intended to supplement, for up to four (4) weeks, the unemployment compensation benefits for which an employee laid off due to a closing, partial closing, or relocation is otherwise eligible under Hawaii law. Studies have shown that workers who lose their jobs due to permanent closing, partial closing, or relocation are more likely than other workers who become unemployed to have to relocate to find equivalent employment, or to need retraining. In addition, since a closing, partial closing, or relocation will affect many employees in a single area, the effect on the local economy of a partial decrease in purchasing power of affected employees soon after the closing, partial closing, or relocation is likely to be significant. Moreover, a dislocated worker is likely to remain unemployed longer than other unemployed workers, with a consequent greater long-term effect on his or her family's economic security; minimizing the total lost wages is therefore critical. For all these reasons, it is important that the affected employees receive, in the period following the closing, partial closing, or relocation, payment significant to maintain their standard of living at its existing level long enough to devise some long term plan for reemployment, and to make choices not compelled by economic security about whether to secure retraining, to relocate, or, instead, to readjust the family standard of living.

Under Hawaii law, unemployment compensation benefits provide only a partial replacement for lost wages for unemployed workers. The Committee believes that for a period of four (4) weeks dislocated workers should be assured total, rather than partial, wage replacement. The dislocated worker allowance is intended, therefore, as a supplement to any unemployment compensation benefits for which an affected worker is eligible; to receive the allowance for a given week, the affected worker must be eligible for unemployment compensation for that week. The reason for providing the payment directly from the employer, rather than indirectly through contributions to the unemployment compensation fund, is that your Committee does not believe that employers generally should have to share in the cost of providing this particular kind of unemployment compensation benefit; rather, the cost should be placed directly upon the fee employers whose closing, partial closing, or relocation creates the need for the payments. Nonetheless, the benefits are conceived as a form of additional unemployment compensation benefits and therefore may not affect other benefits due to unemployment the affected worker is otherwise eligible to receive.

Your Committee believes that where an affected employee is eligible under a collective bargaining agreement for a payment supplemental to unemployment compensation which is identical to a dislocated worker allowance provided herein, the provisions of the collective bargaining agreement should be respected. The bill therefore provides that under those circumstances, the specific provisions of the bill — that is, the payment amount, and the duration requirement — do not apply.

The third part of Section 3 of this bill on "Prompt Payment of Wages and Benefits" requires an employer in a covered establishment to pay all wages, benefits and other forms of compensation which are due and owing to affected employees at the time of termination of the

employee. This section is intended to mitigate the harsh financial pressures which arise at the point of separation.

The fourth part of Section 3 of this bill on "Civil Penalties" is intended to insure that employers comply with the provisions of this chapter. One who fails to provide the required notice, or fails to make timely payments of dislocated worker allowance and prompt payment of wages and benefits is subject to penalties. The amount of the penalty shall be no less than the value of all wages, benefits and other compensation for three months preceding the closure, partial closure or relocation. It is intended that "other compensation" includes the value of fringe benefits to which affected employees were entitled in the three month period preceding the triggering event.

The fifth part of Section 3 of this bill on "Employees Remedies" is intended to provide immediate court relief to the displaced worker and/or their designated representative. Appropriate remedies are specified, including attorney's fees and costs, the civil penalties referred to above, and injunctive relief where appropriate.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 445, 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. 445, H.D. 1, S.D. 1, C.D. 1.

Senators Nakasato, B. Kobayashi and Reed
Managers on the part of the Senate

Representatives Takamine, Hirono, Metcalf, Horita and Taniguchi
Managers on the part of the House

Conf. Com. Rep. No. 123 on H.B. No. 444

The purpose of this bill is to provide employers an adjustment in the taxable wage base which reduces their contribution to the unemployment insurance trust fund for calendar year 1988.

Your Committee has reviewed and carefully considered the pertinent economic history in relation to amendments in Hawaii's unemployment insurance laws. In the early 1970's adverse economic conditions substantially increased the number of persons unemployed in Hawaii. The relatively immense reserve fund of \$44.1 million in 1970 declined drastically and although an emergency 3% flat contribution rate went into effect in April 1975, the trust balance continued to decline, was depleted in February 1976, and was reduced to a \$12 million deficit at the end of 1976.

In 1976 and 1977 Legislature responded to the nearly bankrupt unemployment insurance trust fund by enacting several major amendments to the unemployment compensation law affecting both benefit payments and the financing of benefit payments. The Legislature amended Section 383-30 by requiring unemployment insurance claimants to work five consecutive weeks in order to qualify for benefits if the individual had voluntarily separated from employment without good cause or had been suspended or fired for misconduct. In 1977 amendments were adopted to require employers to pay contributions for wages up to the average annual wage regardless of the amount of money in the Trust Fund.

Since 1977, the Fund balance has increased. In 1987 it is anticipated that the Fund balance will exceed \$200,000,000. This bill amends Section 383-61, Hawaii Revised Statutes to provide for variable taxable wage basis depending upon the relationship of the Fund balance to the adequate reserve level as defined in Section 383-63, Hawaii Revised Statutes for calendar year 1988. Your Committee finds that the amendment will apply an additional adjustment factor to the unemployment insurance financing structure which, together with the existing fund solvency contribution rate, will more effectively respond to rapid increases in the Fund balance in excess of the adequate reserve level, while ensuring that tax collections are sufficient to maintain program solvency.

The amendment to Section 383-61 is expected to save employers approximately \$20,000,000 in calendar year 1988.

Your Committee on Conference is in accord with the intent and purposes of H.B. No. 444, 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. 444, H.D. 1, S.D. 1, C.D. 1.

Senators Nakasato, Mizuguchi and Reed
Managers on the part of the Senate

Representatives Takamine, Hirono, Horita, Taniguchi and Anderson
Managers on the part of the House

Representative Anderson did not sign the report.

Conf. Com. Rep. No. 124 on S.B. No. 486

The purpose of this bill is to establish the crimes of (1) negligent homicide caused by driving under the influence of intoxicating liquor, (2) grave bodily injury caused by driving under the influence of intoxicating liquor, and (3) serious bodily injury caused by driving under the influence of intoxicating liquor; to specify that the first two crimes are class C felonies and the third a misdemeanor; and to provide that all those convicted of a second offense within five years of the first offense shall be sentenced to mandatory terms of imprisonment.

Your Committee has amended this bill by correcting a drafting error on page 3, line 21; and page 4, line 20 by changing "1 year" to "5 years".

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 486, S.D. 1, H.D. 1, C.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 486, S.D. 1, H.D. 1, C.D. 2.

Senators Hee, Chang, Fernandes Salling, McMurdo and Reed
Managers on the part of the Senate

Senator Chang did not sign the report.

Representatives Metcalf, Andrews, Bellinger, Yoshimura and Medeiros
Managers on the part of the House

Representative Yoshimura did not sign the report.

STANDING COMMITTEE REPORTS

SCRep. 1 Ways and Means on H.B. No. 1

The purpose of this bill is to authorize funds for the expenses of the Legislature up to June 30, 1988, and also for the expenses of the legislative support agencies during the 1987-1988 fiscal year.

Your Committee has provided the following specific appropriations:

SENATE AND HOUSE OF REPRESENTATIVES

The amount appropriated for the Senate is \$2,846,853 and the amount appropriated to the House of Representatives is \$3,713,695. Your Committee finds that the amounts are necessary to meet operating costs of the Legislature covering such items as equipment, supplies, staff services, and other fundamental expenses.

LEGISLATIVE AUDITOR

Your Committee approves the appropriation of \$1,655,000 to meet the basic operating budget of the Office of the Legislative Auditor. The amount includes funds for special studies and other purposes to be jointly determined by the President of the Senate and the Speaker of the House of Representatives.

STATE ETHICS COMMISSION

Your Committee approves the appropriation of \$270,782 to the State Ethics Commission.

LEGISLATIVE REFERENCE BUREAU

Your Committee approves the appropriation of \$1,465,934 for the Legislative Reference Bureau. The total includes \$25,000 to be utilized for the 1987 Western Legislative Conference of the Council of State Governments to be held in Hawaii. Act 1, Session Laws of Hawaii, 1986, appropriated \$50,000 for this purpose. The total of \$75,000 should meet the needs of the Conference.

OMBUDSMAN

Your Committee approves the appropriation of \$416,000 for the Office of the Ombudsman.

LAPSE OF FUNDS

Appropriations under this bill are subject to lapse as of June 30, 1988.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1, 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. 2 Ways and Means on S.B. No. 263

The purpose of this bill is to increase the efficiency and effectiveness of the legislature.

Your Committee finds that the amount of time spent by its members to fully gain an understanding of the complexities of our State government is very demanding. Interim work between sessions has also demanded more and more time of the legislators in recent years and such interim work is anticipated to increase.

Although inflation has increased the cost of living since 1981, no adjustment has been made to the legislative allowance since that year. Your Committee finds that an adjustment in the annual allowance is warranted at this time. Therefore, your Committee has amended this bill in its entirety to implement this finding. It is the recommendation of your Committee that the annual allowance of \$2,500 be increased to \$5,000.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 263, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 263, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 3 Consumer Protection and Commerce on S.B. No. 35

The purpose of this bill is to permit the expansion of foreign bank operations in the State of Hawaii. The bill also establishes a temporary commission charged with the responsibility of developing and implementing a promotional program to encourage the establishment of offices in Hawaii of foreign banks.

Basically, this bill addresses three classes of foreign banks: representative offices, non-depository, and depository agencies.

Under the term representative office, such a branch would be a separate entity from the foreign bank. The bank may choose to base an individual in the State to serve as a contact person, information gatherer, business promoter, and public relations outlet for that institution. The primary goal of a representative office is to generate good will and business contacts. The representative office may not engage in substantive banking transactions or accept deposits, approve loans, or disburse funds.

A non-depository agency of a foreign bank engages in general commercial banking business, except the business of receiving deposits. This agency does not exercise fiduciary powers. However, it may: (1) make loans; (2) engage in foreign exchange transactions; (3) buy, sell, pay, and collect bills of exchange; (4) issue letters of credit, (5) pay and collect for the foreign bank; (6) sell or issue checks, drafts, travelers' checks, money orders, or other similar instruments; and (7) accept credit balances.

A depository agency makes the same transactions as a non-depository agency and may also accept "foreign source" deposits, that is, deposits of a foreign nation, an agency or administration of a foreign nation, or a person or entity which resides, is domiciled, and maintains its principal place of business in a foreign nation.

Additionally, this bill addresses the regulation of a foreign bank's application to do business as a representative office or agency which includes:

- (1) The character and financial standing of the bank, controlling persons, directors, and officers;
- (2) Financial history and condition of the bank;
- (3) Adequacy of management of the bank and proposed management of the office;
- (4) Probability of the bank's plan to establish and maintain an office; and
- (5) Substantial reciprocity by the foreign nation where the foreign bank is domiciled.

Under this bill foreign banks would be subject to the same state regulation, examination, and restraints as are other Hawaii financial institutions.

Your Committee received testimony in support of the bill from the Department of Commerce and Consumer Affairs, the Department of Planning and Economic Development, and the Office of the Mayor of the City and County of Honolulu. The Department of Planning and Economic Development stated that the bill would enhance economic activity in the State and contribute further to Hawaii's development as an international business center. The Department of Commerce and Consumer Affairs indicated that the bill does not appear to threaten the interests of the general public or local financial institutions.

Your Committee also heard testimony from the Hawaii Banker's Association and the Department of Taxation that they do not oppose the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 35 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. 4 Health on Gov. Msg. No. 89

Recommending that the Senate advise and consent to the nomination of JOHN C. LEWIN, M.D., as Director of Health, for a term ending December 3, 1990.

Signed by all members of the Committee.

SCRep. 5 Tourism and Recreation on S.B. No. 1712

The purpose of this bill is to make housekeeping and technical amendments for the imposition of the transient accommodations tax under chapter 237D, Hawaii Revised Statutes.

Your Committee has amended the bill to effectuate its purpose and provide funding which shall be available for expenditures necessary to host the America's Cup yacht race in Hawaii.

Your Committee on Tourism is in accord with the intent and purpose of S.B. No. 1712, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1712, S.D. 1, and be recommitted to the Committee on Tourism for further consideration.

Signed by all members of the Committee except Senators B. Kobayashi, Nakasato and George

SCRep. 6 Agriculture, Energy and Ocean Resources on S.B. No. 376

The purpose of this bill is to amend Act 145 to comply with the public use requirement of the United States Treasury regulation for facilities for the local furnishing of electric energy.

Act 145 SLH 1984, authorized the issuance of \$12 million in special purpose revenue bonds to assist Kamakani Ikaika, Inc., in its efforts to establish a wind energy farm. The changes to Act 145 proposed in this bill will satisfy technical concerns that have developed and will have no impact upon the 1987 State allocation of public purpose bonds. This bill will delete reference to a 5 megawatt wind energy farm, since this limiting factor was not intended in the original bill. House Concurrent Resolution No. 70 SLH 1986, states that the legislature's intent was not to limit the application of the bonds to a project of a specific size. The bill adds language that the electrical output from the project will be sold to a public utility then satisfying the new federal tax requirement for tax exempt financing.

Your Committee received testimony in support of this bill from Mr. Brian Hayashida, President of Imua Kamakani Corporation. This testimony included a letter from Mr. Samuel I. Hellman of Wood, Dawson, Smith and Hellman, bond counsel for the Department of Budget and Finance. This letter explains the necessity of this amendment to Act 145.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 376 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 7 (Majority) Government Operations on S.B. No. 251

The purpose of this bill is to designate the sixteenth day in January as Aloha Spirit Day, to make Aloha Spirit Day a state holiday and to repeal Good Friday as a state holiday.

Testimony in favor of the new holiday, but requesting the new holiday be called Martin Luther King Day was presented by the HSTA, HGEA/AFSME and several individuals. Other individuals testified in favor of holidays in honor of Col. Ellison Onizuka, Chinese New Year's Day, and a day in memory of the plantation workers who fought and sometimes died in pursuit of economic justice and equal opportunity.

Testimony was presented by the American Civil Liberties Union in support of the repeal of Good Friday as a state holiday.

To assure input from the religious leaders of Hawaii notice of the hearing and of the bill's provisions was mailed to leaders of the following churches, six days before the hearing, requesting a reaction by telephone if time did not permit a written response:

1. Hawaii Baptist Convention
2. Episcopal Diocese of Hawaii
3. Lutheran Council of Hawaii
4. United Methodist Church District Headquarters
5. Mililani Presbyterian Church
6. Unitarian Church of Honolulu
7. Hawaii Conference United Church of Christ
8. Honpa Hongwanji Mission
9. The Catholic Diocese
10. Temple Emanu-El

11. Hawaii Council of Churches

The Hawaii Council of Churches and two of the religious leaders expressed their support for the bill. One denomination expressed the need for more time to formulate a position through consultation with its membership. The others did not respond, but may be heard from when the bill is scheduled for a public hearing in the House of Representatives.

Your Committee amended the bill in the following manner:

1. Changed the name of the new holiday to Aloha Spirit Day (Martin Luther King Day).
2. Changed the day on which the new holiday will be celebrated to the third Monday of January.

The purpose of the first amendment is to appropriately honor Dr. King, who exemplified the Aloha Spirit in his actions as well as his words. The Committee declined to name the new holiday Martin Luther King Day both because it is not the custom to name holidays after individuals, other than former monarchs, and because it is important to recognize the complexity of race relations in Hawaii, the many contributors to interracial harmony and the unique indigenous ethos for maintaining racial harmony.

The purpose of the second amendment is to conform this holiday with the date of the federal holiday honoring Dr. Martin Luther King Jr.

Your Committee on Government Operations 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 placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator George did not concur.

SCRep. 8 Ways and Means on S.B. No. 320

The purpose of this short-form bill is to conform the Hawaii income tax law to the Internal Revenue Code of 1986 and to amend chapter 235, Hawaii Revised Statutes, to reflect the changes necessary to effectuate that purpose.

Your Committee on Ways and Means has inserted provisions in the short-form bill which conform the Hawaii income tax law with certain of the provisions of the Internal Revenue Code of 1986. These provisions include taxing the unearned income of minor children as if it were the parent's income, repealing the deduction for two-earner married couples, replacing zero bracket amounts with standard deductions, broadening the base of state income tax collections by eliminating the advantages of certain tax shelters, reducing corporate tax rates, treating capital gains as ordinary income, replacing current individual income tax brackets and lowering the top tax rate to offset inflation, and other housekeeping changes to numerous sections of chapter 235, Hawaii Revised Statutes.

In addition, your Committee on Ways and Means has included provisions granting a food tax credit of \$50 against resident taxpayers' individual income tax liability, ending in the 1990 tax year; a capital goods excise tax credit deductible from the taxpayers' net income tax liability; a capital goods tax credit for banks and financial institutions; an exemption for export sales from the general excise tax; a credit against taxes paid for the purchase of capital goods used in production or manufacturing; and an exemption for exported sales of computer software and technical services related to their development.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 320, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 320, S.D. 1, and be recommended to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 9 Ways and Means on S.B. No. 455

The purpose of this bill is to expressly provide that real property tax relief granted to taxpayers who suffer losses as a result of natural disasters shall be made from the real property tax revenues of the county in which the disaster occurred.

Your Committee has amended this short form bill to insert substantive provisions amending Chapter 234, Hawaii Revised Statutes, to accomplish the purpose of the bill. Chapter 234 grants real property and general excise tax relief to taxpayers who have suffered losses due to

natural disasters. When the chapter was originally enacted, both forms of taxes were administered by the State. However, since 1981, real property taxation functions have been exclusively exercised by the counties. This bill, as amended, inserts appropriate references to the counties to reflect that any real property tax relief granted shall be from the real property taxes of the county in which the disaster occurred.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 455, as amended herein, and recommends it pass First Reading in the form attached hereto as S.B. No. 455, S.D. 1, and be recommitted to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 10 Health on S.B. No. 321

The purpose of this short form bill is to provide a housekeeping and technical corrections vehicle for the exemption of amounts received for the sale of prescription drugs and prosthetic devices under the general excise tax law.

Your Committee heard favorable testimony from the Director of Taxation and has amended the bill by inserting amendments to section 237-24(24) which clarify some of the terminology and may encourage greater taxpayer compliance. Specifically, the definition of "prescription drug" has been clarified in order that sales of drugs made by licensed practitioners will clearly be included under the exemption, and the definition of "prosthetic device" has been expanded and clarified to include sales made by a dealer of prosthetic devices and any replacement parts subsequently purchased for the device.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 321, as amended herein, and recommends it pass First Reading in the form attached hereto as S.B. No. 321, S.D. 1, and be recommitted to the Committee on Health for further consideration.

Signed by all members of the Committee except Senator Matsuura.

SCRep. 11 Housing, Hawaiian Programs and Natural Resources on S.R. No. 20

The purpose of this resolution is to request that the Governor direct the Attorney General to appeal the Palila v. Hawaii Department of Land and Natural Resources federal court decision.

Representatives from the Hawaii Rifle Association and the Oahu Aquatic Life and Wildlife Advisory submitted testimony in support of this resolution. The testimony indicated that the Court's interpretation of "harm" is too broad, and it is uncertain as to what actions in the habitat will harm the palila. Furthermore, the decision of the federal court leaves unanswered questions about the method and extent of implementation of the Court's decision. Also unknown is the decision's impact on other wildlife on Mauna Kea.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.R. No. 20 and recommends its adoption.

Signed by all members of the Committee except Senators Hagino, Matsuura and Mizuguchi.

SCRep. 12 Housing, Hawaiian Programs and Natural Resources on S.C.R. No. 15

The purpose of this concurrent resolution is to request that the Governor direct the Attorney General to appeal the Palila v. Hawaii Department of Land and Natural Resources court decision.

Representatives from the Hawaii Rifle Association and the Oahu Aquatic Life and Wildlife Advisory submitted testimony in support of this concurrent resolution. The testimony indicated that the Court's interpretation of "harm" is too broad, and it is uncertain as to what actions in the habitat will harm the palila. Furthermore, the decision of the federal court leaves unanswered questions about the method and extent of implementation of the Court's decision. Also unknown is the decision's impact on other wildlife on Mauna Kea.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.C.R. No. 15 and recommends its adoption.

Signed by all members of the Committee except Senators Hagino and Mizuguchi.

SCRep. 13 (Majority) Consumer Protection and Commerce on S.B. No. 77

The purpose of this bill is to reduce the risk of brain damage to boxers by requiring the Boxing Commission to adopt rules requiring the use of protective headgear during boxing matches. The bill would also hold harmless the State and members of the Boxing Commission for injuries suffered because of any alleged inadequacy of protective headgear standards adopted pursuant to such rules.

In its consideration of S.B. No. 77, your Committee heard testimony from the Director of Health to the effect that boxing is based on the intent to harm and that this bill would provide protection against brain damage, which has become increasingly prevalent among fighters. The Chairman of the Boxing Commission, on the other hand, testified that it would not necessarily prevent brain damage, and that historically headgear was intended to protect a fighter's head when it struck the floor on a knockdown, a concern which is no longer of consequence being that rings are now effectively padded. The Chairman also cited a study which concluded that the real danger to a fighter is the accumulation of blows absorbed rather than the degree of severity of a few.

Your Committee, upon consideration and review of the testimony, finds that it is appropriate for the Legislature to make every effort to provide for the safety of persons engaged in state regulated boxing matches, and that this bill will help to protect boxers from serious injuries.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 77 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senators Chang, Kuroda and Ikeda did not concur.

SCRep. 14 Ways and Means on S.B. No. 1627

The purpose of this bill is to clarify the administration of certain amounts received by any person or common carrier engaged in interstate or foreign commerce or both as not taxable under the general excise tax.

Your Committee has amended the short form bill by adding substantive provisions to the bill which remove exemptions or exclusions from the general excise tax for amounts received by any person or common carrier engaged in interstate or foreign commerce, or both, whether ocean-going or air, from the amounts not taxable under chapter 237. Your Committee has also added provisions which remove exemptions or exclusions from the use tax allowed to persons or common carriers engaged in interstate or foreign commerce from the application of the use tax.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1627, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1627, S.D. 1, and be recommitted to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee except Senators Aki, Fernandes Salling and Ikeda.

SCRep. 15 Culture, Arts and Historic Preservation on S.B. No. 508

The purpose of this bill is to establish an endowment fund for the Honolulu Symphony and to appropriate out of the general revenues of the State of Hawaii a sum up to \$2,500,000 in matching funds.

Your Committee received supporting testimony from the State Foundation on Culture and the Arts, ILWU Local 142 and the Honolulu Symphony and finds that an endowment fund should provide a base for receipt of regular income which is greatly needed by the symphony orchestra for its long term stability. This appropriation would also provide additional financial support in fiscal year 1987-1988 to supplement their operating budget and the actual costs for their young people's concerts and neighbor island tours.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 508 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. 16 Culture, Arts and Historic Preservation on S.B. No. 661

The purpose of this bill is to appropriate \$17,500 to the Honolulu Theater for Youth to be used for the presentation of plays, including statewide tours, to young adults and high school audiences. The funds would be expended by the Department of Accounting and General Services.

Your Committee received supporting testimony from the State Foundation on Culture and the Arts, the Superintendent of Education, and the Honolulu Theatre for Youth and finds that the executive budget recommendation for fiscal year 1987-1988 does not include funds for bringing serious, classical drama to the target audience. This appropriation would allow for that important audience to be reached with thought-provoking dramatic experience and is therefore consistent with the legislature's policy of supporting and promoting interest in culture and the arts whenever and wherever appropriate.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 661 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. 17 Culture, Arts and Historic Preservation on S.B. No. 1422

The purpose of this bill is to appropriate \$5,000 to fund an Asian Pacific Ballroom Dancing Festival.

Your Committee finds that ballroom dancing as a recreation has steadily grown in popularity over the past few years, and that a festival of this nature will encourage and recognize the many different ballroom dancing organizations in our community.

Your Committee received testimony from various organizations in support of this bill.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1422 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. 18 Consumer Protection and Commerce on S.B. No. 11

The purpose of this bill was to extend the provisions of sections 514A-121 to 514A-127, part VII, Hawaii Revised Statutes, from July 1, 1987 to July 1, 1993.

Sections 514A-121 to 514A-127 were enacted by Act 107, Session Laws of Hawaii 1984, and mandates that internal disputes involving owners of a condominium, the association of owners, the board of directors, and the managing agent be settled by arbitration. Act 107 contains a "drop dead" provision which repeals the sections on July 1, 1987.

Your Committee finds that there is a continual need to provide an accessible, affordable, and nonthreatening forum for the resolution of horizontal property regime disputes. Your committee heard testimony from realtors, condominium owners associations, property management companies, and the Real Estate Commission; all of whom supported the use and confirmed the success of the arbitration process.

Because the arbitration process has been so successful, your Committee has amended the bill by making sections 514A-121 to 514A-127 permanent rather than merely extending the existence of the sections to July 1, 1993.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 11, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 11, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 19 Consumer Protection and Commerce on S.B. No. 361

The purpose of this short form administration bill was to update and revise Hawaii's insurance laws as provided in Chapter 431, Hawaii Revised Statutes.

In 1985, the legislature provided funds to the Insurance Commissioner for a comprehensive

review of Chapter 431. The report on that review, along with recommendations for revisions, was submitted to the legislature along with S.B. No. 1080, which represents the complete rewrite of Chapter 431. S.B. No. 361 provided a vehicle for anticipated changes in S.B. No. 1080, including an appropriation to be expended by the Department of Commerce and Consumer Affairs to carry out the changes.

Your Committee has amended this short form bill by adding twenty-four new sections which, if adopted, would be read in conjunction with S.B. No. 1080. The new sections are designated in accordance with the system adopted by the Department in drafting S.B. No. 1080 which is similar to the form of statutory designation utilized in the Uniform Commercial Code, Chapter 490, Hawaii Revised Statutes. Following is a list of the new statutory sections which, pursuant to adoption of this measure, would be added to S.B. No. 1080, either as new material or as amendments to statutory material already contained in S.B. No. 1080:

- (1) §431:2-214 The Commissioner's education and training fund;
- (2) §431:3-205 Funds required of new insurers;
- (3) §431:3-208 Funds required of existing and new insurers for transacting additional classes of insurance;
- (4) §431:3-209 Deposits of alien and foreign insurers; special deposits;
- (5) §431:4-303 Mutual property insurer;
- (6) §431:4-304 Mutual casualty insurer;
- (7) §431:4-305 Mutual vehicle insurer;
- (8) §431:4-306 Mutual life insurer;
- (9) §431:4-307 Mutual disability insurer;
- (10) §431:6-201 Required investments for capital and reserves;
- (11) §431:6-306 Mortgage loans and contracts;
- (12) §431:6-309 Appraisal; insurance; limit;
- (13) §431:6-311 Real property owned;
- (14) §431:7-206 Domestic company credit for retaliatory taxes paid other states;
- (15) §431:8-205 Insurance independently procured; duty to report and pay tax;
- (16) §431:10B-108 Filing, approval, and withdrawal of forms and premium rates;
- (17) §431:10C-203 Rate filings;
- (18) §431:10C-503 Required motorcycles and motor scooters policy coverage;
- (19) §431:14-104 Rate filings;
- (20) §431:16-108 Powers and duties of the association;
- (21) §431:20-107 Capital requirements;
- (22) §431:20-108 Guarantee fund;
- (23) §431:20-114 Reinsurance reserve; and
- (24) §431:20-116 Loss and loss expense reserve.

These sections would authorize the establishment of a commissioner's education and training fund into which rate filing fees would be deposited and expended for staff education and training, and amend various requirements, rates, fees, and limits relating to capital deposits, investments, tax rates and tax credits, interest, premium rates, rate filing and rating plans, motorcycle and motorscooter policies, title insurance, guarantee funds, reinsurance reserves, and loss and expense reserves under the insurance law.

Your Committee has also amended the bill by deleting the appropriation to the Department of Commerce and Consumer Affairs and by adding to the enactment section the provision that this Act shall take effect upon its approval only if S.B. No. 1080, in any form passed by the legislature, Regular Session of 1987, becomes an Act.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 361, as amended herein, and recommends it pass First Reading in the form attached hereto as S.B. No. 361, S.D. 1, and be recommitted to the Committee on Consumer Protection and Commerce for further consideration.

Signed by all members of the Committee except Senators Matsuura, Nakasato and A. Kobayashi.

SCRep. 20 Consumer Protection and Commerce on S.B. No. 362

The purpose of this short form bill was to amend the Hawaii Business Corporation Act (Act 167, Session Laws of Hawaii 1983, as amended), the Hawaii Professional Corporation Act (Act 259, Session Laws of Hawaii 1985, as amended), and the Hawaii Nonprofit Corporation Act (Act 270, Session Laws of Hawaii 1985, as amended) to make changes necessary to ensure the effective implementation and enforcement of these Acts.

Your Committee has amended the bill by inserting substantive amendments to the above chapters that would provide for correction of fee schedules, consolidation of filing requirements, clarification of name availability according to current standards, permitting reinstatement of involuntary corporate dissolutions, and many other technical changes necessary to allow the new corporation code to go into effect with the minimum impact on people filing papers with the Business Registration Division of the Department of Commerce and Consumer Affairs.

The Department has testified to your Committee that all of the statutory changes in this bill, as amended, are of a purely technical nature and in no way reflect any substantive law change. The Department has also testified that it considers it imperative for this technical change bill to be passed in the most expeditious manner possible in order for the local legal community, as well as the Business Registration Division, to prepare its final phase of implementation for these codes which include the preparation of new forms, rule changes, and notification of law firms and members of the public who file documents with the Division.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 362, as amended herein, and recommends it pass First Reading in the form attached hereto as S.B. No. 362, S.D. 1, and be recommitted to the Committee on Consumer Protection and Commerce for further consideration.

Signed by all members of the Committee except Senators Kuroda, Nakasato and A. Kobayashi

SCRep. 21 Tourism and Recreation on S.B. No. 1192

The purpose of this bill is to establish the orientation of the Hawaii convention center and require a study of the Ala Wai golf course site and Fort DeRussy to determine which is more feasible.

Your Committee has amended the bill substantially.

The orientation of the convention center, however, is retained. To reiterate, "[T]he Hawaii convention center shall be oriented primarily towards the visitor convention and trade show market and the design and policies for operation, management, and promotion of the use of the convention center shall reflect this orientation."

The major thrust of the bill is the designation of the site for the Hawaii convention center. The site designated is the westernmost twenty-five acres of the Ala Wai golf course. Your Committee feels that the findings of the Pannell Kerr Forster study and Legislative Reference Bureau study, both of which ranked that site as the most feasible, provide sufficient justification for the designation under the bill, as amended. Your Committee does not believe that more studies are necessary, does not feel that the site can be designated in other than the political arena, and is opposed to further delay in establishment of the convention center. The convention center is expected to result in the importation of between \$130 million and \$140 million annually from direct convention spending. Every year in which the convention center is delayed results in the loss of the imported dollars and the derivative jobs and public revenues.

Your Committee recognizes that residents of Moiliili, McCully, and Kapahulu will have concerns about traffic. Your Committee finds that the orientation of the convention center towards visitor conventions will promote walking to the center by most conventioners and result in only a small amount of vehicular traffic from the makai direction and not traffic which passes through those communities. Furthermore, your Committee intends that the convention center not have a large amount of parking for conventioners to discourage access by private cars.

The bill, as amended, establishes a Hawaii convention center authority comprised of members appointed by the governor, which shall have the power and duty to plan, design, construct, operate, manage, and promote the convention center at the designated site. The bill, as amended, also earmarks \$20 million a year from the transient accommodations tax to a convention center special fund, the proceeds from which are to be used for the establishment and operation of the convention center. In this respect, your Committee notes that the bill, as amended, includes a provision allowing revenue bonds to be issued for the plans, design, construction, and equipment of the convention center, the pledged security for which shall be the proceeds of the convention center special fund. Your Committee requests the governor to obtain the opinion of bond counsel on the propriety and legality of the provision, as the earmarked proceeds of the transient accommodations tax may not be considered user taxes or revenues derived from the convention center. The governor's proposal that revenue bonds for the convention center be supported by revenues generated by the center is questionable because the rents, charges, and fees for use of the center may have to be set at amounts too high for attraction of the maximum number of conventions and trade shows.

Your Committee expects the opposition of golfers to the bill, as amended. Your Committee, therefore, has provided for the withdrawal of only twenty-five acres of the one hundred forty-five acre golf course. In addition, your Committee intends that the state government shall mitigate the adverse effects caused by the withdrawal of the lands by appropriating moneys to the city and county of Honolulu for the realignment of the remaining one hundred twenty acres into an eighteen-hole course of such design which promotes public enjoyment and safety to the maximum extent possible.

Under the bill, as amended, the convention center will not be oriented towards resident use. Your Committee recognizes the existence of a demand for more exhibition space for local events. Thus, your Committee has appropriated moneys to the city and county of Honolulu for plans and design for the renovation of the Neal S. Blaisdell Center. The Neal S. Blaisdell Center is more appropriate for local events because of the better traffic access capacity. Your Committee has also appropriated moneys for other off-site improvements necessary for the operational efficiency and effectiveness of the convention center.

The responsibility for designating the site of the convention center rests solely with the legislature. Because of the magnitude of the dollars involved, it is a responsibility that cannot be shirked nor rightfully delegated to another body. Decisions of this nature are the reason for the election of legislatures, and the responsibility should not be delegated. Moreover, the delegation of the site designation responsibility to a commission or authority will not release the legislature from action concerning the site. If a site is designated by a commission or authority, moneys will still have to be appropriated for the convention center and, when that time comes, members of the legislature will have to take a stand. Thus, in reality, a legislative decision on the convention center site cannot be avoided now or in the future merely by the expediency of establishing a commission or authority to designate the site.

In coming to the decision to designate a small portion of the Ala Wai golf course as the convention center site, your Committee also considered Fort DeRussy, the Honolulu Zoo, Fort Armstrong, and Magic Island. The reasons for rejecting those sites are provided in the following.

(1) Fort DeRussy—This site has been rejected because of the anticipated high price which will have to be paid to the federal government for purchase of the site, if the federal government agrees to sell, which is by no means certain. The purchase price has been subject to much speculation, but no definite amount has been set as yet. Your Committee, however, feels that the price will be unaffordable and result in a negative cost-benefit to the State. Moreover, your Committee has learned that the U.S. Army, which currently has jurisdiction of the site, estimates that it can be made available to the State only after five to seven years from a declaration of surplus.

(2) Honolulu Zoo—The trust deed which establishes Kapiolani Park, of which the Honolulu Zoo is a part, requires the Park to be maintained as a free public park and recreational ground. Your Committee finds that a convention center at the Honolulu Zoo site will violate the trust deed and probably cause reversion to the heirs of the dedicators of the land. For this reason, your Committee has rejected the Honolulu Zoo site.

(3) Fort Armstrong--The most important advantage of Fort Armstrong is the relative lack of political opposition to designating it as the convention center site. The area immediately surrounding the site is sparsely populated and thus, constituent pressure is mute relative to the other sites. Only the department of transportation and the major harbor users have expressed significant opposition to Fort Armstrong due to the need for the container yard and Pier 2.

Notwithstanding the lack of political opposition, which your Committee feels is the real reason for favoring the site, proponents of Fort Armstrong state that the convention center will serve as a catalyst for economic development of the Downtown and Kakaako areas. Your Committee, however, feels that Fort Armstrong is too far away from Waikiki, the location of the major concentration of hotel units. To convention planners, the most important factor for selecting a convention location is the proximity of the center to lodging accommodations. Thus, a convention center at Fort Armstrong may not attract the number of conventions and trade shows sufficient to produce a positive cost-benefit to the State.

Massive traffic congestion is expected to occur on Ala Moana Boulevard from the movement of conventioners between Waikiki and Fort Armstrong. Proponents of Fort Armstrong address the transportation problem by suggesting the construction and operation of a fixed rail connection or ferry system. Your Committee finds these suggestions to be unrealistic. The state director of transportation in a recent newspaper article has estimated that a fixed rail mass transit system generally costs approximately \$60 million a mile. The connection between Fort Armstrong and Waikiki will have to be at least three miles, for an expenditure of \$180 million. Your Committee finds that the proposed fixed rail connection, which is intended primarily for conventioners, is too expensive and will not make Fort Armstrong as attractive to convention planners as competing mainland centers within walking distance of lodging accommodations. Your Committee also finds that the connection is not justified as a method of reducing commuter traffic between Waikiki and Downtown. According to the 1980 Census, only 738 residents of the Waikiki area, comprised of census tracts 18, 19, and 20, worked in the Honolulu central business district. If a fixed rail mass transit system is to be established, the system should serve corridors needing more urgent relief. Establishment of a ferry system has been considered by your Committee. But, your Committee is stalled at the most basic question concerning the system: where on Waikiki beach will a harbor be dredged to accommodate water vessels of sufficient size to transport conventioners from Waikiki to Fort Armstrong? Your Committee feels that the turbidity caused by the dredging will destroy the quality of Waikiki beach and cause irreparable harm to the attractiveness of Hawaii to visitors. Your Committee also feels that safety of swimmers, surfers, and recreational watercraft users will be jeopardized by the movement of large water vessels into and out of Waikiki. Moreover, your Committee notes the lack of available beachfront land in Waikiki for the shoreside facilities necessary for a ferry system.

Notwithstanding these problems, proponents of Fort Armstrong utilize the fallback position that hotels will be developed around the convention center. Your Committee notes the following with respect to hotel development. Off-Waikiki hotels, even of high quality, such as the Makaha Resort and former Kuilima Resort, have had operational problems. It may be difficult for residents to understand, but tourists appear to enjoy the ambience, affordability, and action of Waikiki. Hotels have not been developed in urban Honolulu at locations away from a beach. The only relatively major concentration of hotels away from a beach are those near the airport, and those hotels serve primarily the business market. Moreover, the planned hotel at Aloha Tower has not been found feasible. The Ward Estate's preliminary proposal for a hotel in Kakaako appears dormant at this time. Thus, your Committee finds that hotel development in the Downtown or Kakaako areas cannot be relied upon to serve a convention center at Fort Armstrong.

Proponents have also argued that a convention center at Fort Armstrong is necessary to stimulate business in the Downtown and Kakaako areas. Both areas require stimulation. But, your Committee does not wish to gamble the multi-million dollar cost of the convention center at a location so far from Waikiki. Your Committee notes that the proponents of Fort Armstrong seem to consider the stimulation of business to mean the creation of new businesses. Your Committee, however, applies a broader definition of "stimulation of business". In 1982, the 1,082 retail businesses in Waikiki generated approximately \$600.6 million in retail sales, for an average sales per establishment of \$555,000. This figure is far below the average sales per establishment of the major shopping centers. The average sales per establishment in 1982 at the Ala Moana Shopping Center was \$2.16 million, the average at the Kahala Mall was \$1.54 million, and the average at the Pearlridge Center was \$1.31 million. From these data, your Committee finds that Waikiki, although generating a huge volume, has not maximized its retail sales capacity. Thus, your Committee intends that a convention center near Waikiki "stimulate business" by maximizing the revenues of existing businesses, as well as serve as the catalyst for new businesses.

For all of these reasons, your Committee emphatically rejects Fort Armstrong as the site for the convention center.

(4) Magic Island—Magic Island, along with Ala Moana Park, appears to be the most popular beach for residents. No study or survey is necessary to make this judgment. Observation of the Park on weekends suffices. This reason alone should eliminate Magic Island as the site for the convention center. Your Committee finds that a convention center at Magic Island is too far from the major concentration of hotel rooms in Waikiki and will result in the same or only slightly less traffic congestion within Waikiki generated by a convention center at Fort Armstrong. A convention center which is not within walking distance of lodging accommodations, whether one mile or three miles away, will require conventioners to transit by bus, rental car, or taxi. Arguments against a fixed rail or ferry system for Fort Armstrong would also apply to Magic Island. Thus, although Magic Island is closer to Waikiki than Fort Armstrong, conventioners staying in Waikiki will still have to use motor vehicles to reach and return from the convention center.

Your Committee also fears the displacement impact which may result from establishment of the convention center on Magic Island. A convention center at the location will surely result in pressures to build hotels in the vicinity. Unlike the area near Fort Armstrong, Ala Moana Beach Park and Ala Moana Shopping Center are near Magic Island, making the vicinity a prime location for hotel development. Construction of hotels near Ala Moana Beach Park and utilization by tourists of the beach will displace resident use. Residents are already displaced from Hanauma Bay and certain beaches on the Kona coastline because of heavy use by tourists, and your Committee does not intend the same to happen at Ala Moana Beach Park.

Your Committee on Tourism and Recreation 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 the Committee on Ways and Means.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 22 Labor and Employment on Gov. Msg. No. 94

Recommending that the Senate advise and consent to the nomination of MARIO R. RAMIL as Director of Labor and Industrial Relations, for a term ending December 3, 1990.

Signed by all members of the Committee.

SCRep. 23 Labor and Employment on Gov. Msg. No. 95

Recommending that the Senate advise and consent to the nomination of ALFRED C. LARDIZABAL as Director of Personnel Services, for a term ending December 3, 1990.

Signed by all members of the Committee.

SCRep. 24 Labor and Employment on S.B. No. 1238

The purpose of this bill is to appropriate \$150,000 to purchase ten new vans for the HCEOC.

The HCEOC provides transportation services to the handicapped, elderly, and disadvantaged pre-school children.

The ten new vans will replace the present fleet which is old and in need of constant repair. Three vans have been driven over 200,000 miles and seven vans will have surpassed 175,000 miles by June 30, 1987.

Your Committee finds that in the past, the HCEOC has depended on federal urban mass transit funds which have been drastically reduced in the last few years.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1238 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. 25 Labor and Employment on S.B. No. 289

The purpose of this bill is to provide fund authorization and appropriations for Unit 1 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the bargaining unit representative for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, a separate measure is necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 289, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 289, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 26 Labor and Employment on S.B. No. 290

The purpose of this bill is to provide fund authorization and appropriations for Unit 2 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the bargaining unit representative for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, a separate measure is necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 290, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 290, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 27 Labor and Employment on S.B. No. 291

The purpose of this bill is to provide fund authorization and appropriations for Unit 3 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the bargaining unit representative for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, a separate measure is necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 291, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 291, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 28 Labor and Employment on S.B. No. 292

The purpose of this bill is to provide fund authorization and appropriations for Unit 4 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the bargaining unit representative for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, a separate measure is necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 292, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 292, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 29 Labor and Employment on S.B. No. 293

The purpose of this bill is to provide fund authorization and appropriations for Unit 5 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the bargaining unit representative for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, a separate measure is necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 293, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 293, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 30 Labor and Employment on S.B. No. 294

The purpose of this bill is to provide fund authorization and appropriations for Unit 6 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the bargaining unit representative for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, a separate measure is necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 294, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 294, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 31 Labor and Employment on S.B. No. 295

The purpose of this bill is to provide fund authorization and appropriations for Unit 7 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the bargaining unit representative for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, a separate measure is necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 295, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 295, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 32 Labor and Employment on S.B. No. 296

The purpose of this bill is to provide fund authorization and appropriations for Unit 8 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the bargaining unit representative for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, a separate measure is necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 296, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 296, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 33 Labor and Employment on S.B. No. 297

The purpose of this bill is to provide fund authorization and appropriations for Unit 9 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the bargaining unit representative for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, a separate measure is necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 297, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 297, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 34 Labor and Employment on S.B. No. 298

The purpose of this bill is to provide fund authorization and appropriations for Unit 10 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the bargaining unit representative for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, a separate measure is necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 298, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 298, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 35 Labor and Employment on S.B. No. 299

The purpose of this bill is to provide fund authorization and appropriations for Unit 11 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the bargaining unit representative for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, a separate measure is necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 299, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 299, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 36 Labor and Employment on S.B. No. 300

The purpose of this bill is to provide fund authorization and appropriations for Unit 13 collective bargaining cost items, including the cost of salary adjustments negotiated between the state and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89-10(b), HRS, to cover the expected cost of implementing collective bargaining agreements negotiated between the state and the bargaining unit representative for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, a separate measure is necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 300, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 300, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 37 Labor and Employment on S.B. No. 369

The purpose of this bill is to provide fund authorization and appropriations for adjusting the compensation and other benefits constituting cost items of state officers and employees excluded from collective bargaining for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with Section 89C-5, HRS, to cover the expected cost for the fiscal biennium commencing July 1, 1987.

Since adjustments for state officers and employees excluded from collective bargaining are not expected to be decided upon in time to include the cost items in the 1987-1989 biennium budget, a separate measure is necessary.

Your Committee has amended this bill to change the appropriated amounts to \$1.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 369, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 369, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 38 Labor and Employment on S.B. No. 670

The purpose of this bill is to appropriate funds to finance programs operated by the North Shore Career Training Corporation.

The director of the department of labor and industrial relations testified that the North Shore Training Corporation has developed a unique and effective system to provide job training and employment opportunities for the North Shore residents. The career information center and the employment resource center has proven their capability of mobilizing public input and support to meet the needs of the community.

Your Committee finds that this appropriation is in the best interest of the public and concurs with the intent of this bill.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 670 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 Housing, Hawaiian Programs and Natural Resources on S.B. No. 69

The purpose of this bill is to increase the amount paid for rent to qualify for the renter tax credit and to increase the amount of the credit.

Currently, a taxpayer with an adjusted gross income of less than \$20,000 who has paid more than \$1,000 in rent during the taxable year for which credit is claimed, may claim a tax credit of \$50 per qualified exemption. This bill proposes to increase the qualifying rent amount to \$2,000 and also to increase the tax credit to \$100 per qualified exemption.

The Department of Taxation testified that increasing the qualifying rent amount would disqualify 20,000 claimants out of 92,500 who filed a rental tax credit claim last year.

Upon further consideration, your Committee finds that renters who now qualify for the rental tax credit should be granted additional tax relief. Therefore, the bill has been amended to retain the present \$1,000 threshold to qualify for the increased tax credit.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 69, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 69, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 40 Housing, Hawaiian Programs and Natural Resources on S.B. No. 1085

The purpose of this bill is to appropriate \$30,000 for the repair and maintenance of the Waioli Ditch System in Hanalei, Kauai.

Your Committee adopted the recommendation of the Department of Land and Natural Resources to increase the amount appropriated from \$30,000 to \$190,000 so that the rehabilitation work can be completed.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 1085, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1085, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 41 Housing, Hawaiian Programs and Natural Resources on S.B. No. 1092

The purpose of this bill is to appropriate \$200,000 for a flood control drainage ditch along a portion of Farrington Highway, from Kaulawaha Road extending 125 yards towards Kaena Point, Oahu.

A memorandum submitted by the chairperson of the Department of Land and Natural Resources supports the intent of this bill.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 1092 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. 42 Housing, Hawaiian Programs and Natural Resources on S.B. No. 1310

The purpose of this bill is to appropriate \$5,000,000 for the renovation or construction of buildings for emergency shelters for evictees and other homeless people, especially for single-parent and other families.

Your Committee heard supporting testimony from Catholic Charities and the Hawaii Center for Independent Living and finds that this appropriation would enable the Hawaii Housing Authority to provide emergency shelters for Hawaii's homeless, which is consistent with the declared policy of the Legislature to provide for the public welfare, and is therefore in the public interest.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 1310 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. 43 Housing, Hawaiian Programs and Natural Resources on S.B. No. 1315

The purpose of this bill is to provide the Hawaii Housing Authority (HHA) with greater flexibility in the sale price of bonds.

Under present law, HHA may sell bonds at not less than par at a public sale.

This bill would allow the HHA, at its discretion, to sell bonds at par or at less than par (discounted bonds) and further allow the bonds to be sold either through an advertised public sale or by negotiated private sale.

The Department of Social Services and Housing testified in favor of this bill as it would enable the HHA to achieve a more competitive bond rate to finance its projects.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 1315 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. 44 Culture, Arts and Historic Preservation on S.B. No. 660

The purpose of this bill is to appropriate \$300,000 to produce a Hawaii International Jazz Festival in 1988.

Your Committee recognizes the growing popularity of jazz and the desirability of a jazz festival in Hawaii. An international jazz festival of the scope proposed would be an important boon to Hawaii's tourist industry, a media event of national stature, and an exciting experience for the growing number of jazz fans in Hawaii.

The Hawaii Jazz Preservation Society is proposing the festival, and has the support of many state and private agencies, including the State Foundation on Culture and the Arts, the Waikiki Beach Operators Association, Aston Hotels and Resorts, Attco Inc., Jones/Rusk (representing Hawaii Public Television), Royal Hawaiian Advertising, Hawaiian Airlines, and Roberts Hawaii.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 660 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. 45 Culture, Arts and Historic Preservation on S.B. No. 662

The purpose of this bill is to appropriate \$50,000 to produce a video documentary on the life of Mr. Sam Li'a Kalainaina.

Born in 1881 in Waipio Valley on the Big Island, Kalainaina was a musician, poet, and composer of dozens of songs in his native Hawaiian language. Mary Kawena Pukui called him "truly a great Hawaiian poet. He was the last of the songwriters who wrote in the old flowery way."

Mr. and Mrs. Eddie Kamae have spent the last fourteen years researching and recording the works and songs of Kalainaina. They will produce the documentary which will include the music of long-ago traveling serenaders and congregational choirs like the ones led by Kalainaina. The documentary will also celebrate the land and the landscape of the Big Island, particularly the region around Waipio whose valleys, cliffs, forests, and ocean nurtured Kalainaina and his songs - a region full of mystery, legend and deep ancestral power.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 662 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 Culture, Arts and Historic Preservation on S.B. No. 1037

The purpose of this bill is to appropriate \$100,000 for each of the fiscal years 1987-1988 and 1988-1989 for restoration of the R.W. Meyer Sugar Mill and construction of the Molokai Museum and Cultural Center. The funds would be expended by the Department of Land and Natural Resources.

Your Committee received supporting testimony from the State Foundation on Culture and the Arts, the Chairperson of the Board of Land and Natural Resources, Friends of R.W. Meyer Sugar Mill Molokai Museum and Cultural Center, and several others, and finds that the Department of Land and Natural Resources has supported preservation of the Sugar Mill since 1977. Your Committee also finds that the Friends of R.W. Meyer Sugar Mill Molokai Museum and Cultural Center has been diligent in administration of previous grants and has pursued restoration in an appropriate and professional manner befitting a listing in the National Register of Historic Places. Therefore, your Committee finds that continued support of the Museum and Cultural Center is consistent with legislative goals relating to culture, the arts, and historic preservation.

Your Committee has amended the bill by making technical changes which have no substantive effect.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1037 and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1037, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 47 Culture, Arts and Historic Preservation on S.B. No. 1057

The purpose of this bill is to provide a grant-in-aid to Viagem da Pioanela for a voyage of scientific study.

This bill appropriates \$175,000 to Viagem da Pioanela for study in the area of oceanography, alternate advanced navigational methods, the culture and the arts, the humanities, and the promotion of economic exchanges.

The state foundation on culture and the arts testified that a goal of the Viagem da Pioanela is to give the Portuguese community in Hawaii a stronger sense of their cultural heritage. Your Committee finds that this appropriation recognizes the contribution of the Portuguese community to Hawaii's multi-cultural community, and concurs with the intent of this bill.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1057 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. 48 Culture, Arts and Historic Preservation on S.B. No. 1069

The purpose of this bill is to appropriate \$150,000 to the Hawaii Performing Arts Company to be applied towards the costs of the Company's Manoa Theatre construction project.

Your Committee received supporting testimony from the State Foundation on Culture and the Arts and the Hawaii Performing Arts Company and finds that the Hawaii Performing Arts Company is recognized and respected throughout the community as a leader in imaginative and innovative programs. Your Committee further finds that this appropriation would be consistent with the legislative goal of supporting the arts whenever practical and appropriate.

Your Committee has amended the bill by changing the expending agency from the Department of Budget and Finance to the Department of Accounting and General Services.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1069, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1069, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 49 Culture, Arts and Historic Preservation on S.B. No. 1187

The purpose of this bill is to appropriate \$40,000 to the Center for Labor Education and Research of the University of Hawaii's College of Continuing Education for the production of an educational drama that will provide insight into the struggle of Hilo longshoremen to overcome racial prejudice and ethnic isolation. The funds would be expended by the University of Hawaii.

Your Committee finds that the history of Hawaii's labor movement and the struggle of individuals to overcome prejudice and isolation presents a lesson from which we may all learn and take heed. Further, this project is consistent with legislative efforts to educate the public regarding Hawaiian history and provides support for the performing arts.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1187 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. 50 Culture, Arts and Historic Preservation on S.B. No. 1353

The purpose of this bill is to appropriate \$150,000 to the Commission to Commemorate the 200th Anniversary of the Arrival of the Chinese in Hawaii, of which \$30,000 would be used for celebrations in each of the neighbor island counties.

Your Committee received supporting testimony from the State Foundation on Culture and the Arts and the United Chinese Society and finds that this celebration is significant not only to the Chinese in Hawaii but to all of Hawaii's multi-cultural community. Your Committee also finds that the State Foundation on Culture and the Arts is currently administering the preliminary planning stages of the celebration, but that this appropriation is necessary to complete the project in a manner befitting the occasion.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1353 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. 51 Education on S.B. No. 925

The purpose of this bill is to appropriate funds for nineteen permanent, half-time registrars for public intermediate schools.

The executive director of the Hawaii State Teachers Association testified that the department of education's 1985 study to update the 1974 school basic staffing study identified registrar position shortages for both high and intermediate schools. This appropriation would address this shortage.

Your Committee, upon consideration, has amended the bill to appropriate \$306,660 for the fiscal biennium 1987-1989, for the half-time registrar positions.

Your Committee on Education 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. No. 925, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 52 Tourism and Recreation on S.B. No. 735

The purpose of this bill is to provide funding to the Department of Planning and Economic

Development for the purpose of attracting and hosting the 1990 America's Cup races in Hawaii.

Your Committee heard supporting testimony from the Department of Planning and Economic Development, the Hawaii Visitor's Bureau, the Hawaii State AFL-CIO, the Propeller Club of the United States, Port of Honolulu, the Hawaii Hotel Association, the Chamber of Commerce, and Hawaii Independent Insurance Agents Association, and finds that Hawaii is admirably suited to host the 1990 America's Cup and that the economic benefits to be derived from such activity would more than justify the expense of preparing a proposal.

Your Committee has amended the bill by specifying an amount of \$100,000 which the Department of Planning and Economic Development believes would be necessary to do the proposed feasibility study on attracting and hosting the America's Cup in 1990 and the necessary preparation and presentation of Hawaii's proposal to the selection committee.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 735, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 735, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 53 Tourism and Recreation on S.B. No. 696

The purpose of this bill is to appropriate \$200,000 to the Department of Planning and Economic Development for the purpose of promoting and advertising the Island of Molokai as a visitor destination area.

Your Committee heard supporting testimony from the Hawaii Visitors Bureau and Destination Molokai Association and finds that at present the Hawaii Visitors Bureau has no chapter for Molokai and thus it is necessary to continue assisting the visitor industry on Molokai through legislative funding for promotion and advertising.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 696 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. 54 (Majority) Tourism and Recreation on S.B. No. 1343

The purpose of this bill is to appropriate \$75,000 to the Hawaii Visitors Bureau to study the marketing and promotion strategies of other American "sunshine destination" areas which compete with Hawaii in the tourism industry. The sum would be expended by the Tourism Branch of the Department of Planning and Economic Development.

Your Committee heard supporting testimony from the Hawaii Visitors Bureau and finds that the study of marketing and promotion strategies of areas which compete with Hawaii for tourists will enable Hawaii's tourism industry to more effectively promote the State as a tourist destination.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 1343 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.
Senator B. Kobayashi did not concur.

SCRep. 55 Tourism and Recreation on S.B. No. 900

The purpose of this bill is to require persons who make group presentations to tourists on commercial tours to be certified by the State.

Because of the size of the tourist industry, Hawaii has a large number of tour operators. Persons employed by tour operators to make group presentations on commercial tours have a responsibility to portray the State correctly to tourists. To fulfill this responsibility, employees of tour operators must have a basic knowledge of the history, cultures, places of interest, current events, and government structures of Hawaii.

Testimonies on this bill have been favorable. Your Committee is surprised at the lack of negative reaction because of the proposed condition of employment placed on persons who make group presentations to tourists on commercial tours.

Your Committee has amended the bill in two major ways. First, the requirement that a person pass an examination for the tour presentation certificate has been replaced by a requirement of successful completion of a formal education course. Your Committee feels that the amended method is fairer to a person who requires the certificate. Second, the community college system of the University of Hawaii is to administer the program, rather than the department of planning and economic development. Your Committee feels that the community college system is the most appropriate agency for this purpose, since it already is providing courses concerning the retail services of the tourist industry.

In addition, your Committee has deleted the provision authorizing the adoption of rules. The authorization is deemed not to be necessary since the community college system already possesses sufficient powers to operate its programs.

Your Committee has also inserted an appropriation for \$50,000.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 900, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 900, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 56 Tourism and Recreation on S.B. No. 1768

The purpose of this bill is to appropriate \$200,000 in fiscal year 1987-1988 and \$200,000 in fiscal year 1988-1989 to Aloha Week, Inc. for the purpose of funding Aloha Week activities. The funds would be expended by the Department of Planning and Economic Development.

Your Committee heard supporting testimony from the Hawaii Visitors Bureau, the President of Aloha Week Hawaii, Inc., and the Hawaii Hotel Association, and finds that Aloha Week is a celebration of and by our island people which has high spectator appeal, visibility, and participation and which is beneficial to Hawaii's visitor industry. Your Committee also finds that these funds will provide assistance to the neighbor islands in developing their own events and marketing their activities both in Hawaii and on the Mainland, and allow planning and implementation of new Aloha Week events in several of the more highly populated areas of the State.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 1768 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. 57 (Majority) Tourism and Recreation on S.B. No. 1345

The purpose of this bill is to appropriate \$150,000 to the Hawaii Visitors Bureau for promotion of Hawaiian culture and history. The sum would be expended by the Office of Tourism of the Department of Planning and Economic Development.

Your Committee heard supporting testimony from the Hawaii Visitors Bureau and finds that promotion of Hawaiian culture and history is an established activity and that the additional funds appropriated by this measure would be put to good use with cooperating agencies in furthering this mission.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 1345 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.
Senator B. Kobayashi did not concur.

SCRep. 58 Tourism and Recreation on S.B. No. 1269

The purpose of this bill is to appropriate \$50,000 to the Visitor Industry Education Council for the production of a film on career preparation for visitor industry jobs. The sum would be expended by the Department of Planning and Economic Development.

Your Committee finds that the films "Tourism: What's In It For Me" by the Visitor Industry Education Council (VIEC), have been effective in giving Hawaii residents and Hawaii's youth an opportunity to see the positive impact of the visitor industry and the jobs it creates. A new film to be produced by VIEC will be targeted to viewers at the high school level looking at

career choices. The film will address the question: "How do I prepare for the visitor industry workplace?" The film will be made available at no charge to community groups, industry, and other interested parties. In addition it will be circulated through the department of education film distribution system. It will also be shown on prime-time television to reach young people who are already out of school and Hawaii's adults.

Your Committee has amended the bill by adding the word "Education" on line 4 to reflect the proper name of the organization and to conform with the title of this measure.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 1269, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1269, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 59 Tourism and Recreation on S.B. No. 1193

The purpose of this bill is to establish a land bank authority. The authority is to acquire title to or long-term use of, manage, improve, maintain in natural condition or as reserve, and make available for public enjoyment lands which are situated in the State and have passive recreational, scenic, cultural, historical, geological, hydrological, or wildlife or flora habitation value, at present or in the future.

Your Committee finds that the pressures of urbanization make this bill necessary. Recreational, open space, conservation, or preservation use of lands is often not the highest and best and, thus, economics may force development. Under this bill, a state agency with sufficient funding and the sole purpose and responsibility of preserving lands of value is authorized to intervene and acquire the lands.

Your Committee has amended the bill substantially. Among the major amendments are the following:

(1) The earmarking of a percentage of the transient accommodations tax to the land bank special fund is deleted. Instead, a flat amount from the proceeds collected in each fiscal year under the tax is set aside into a separate account in the general fund for expenditure, subject to legislative appropriation, by the land bank authority. Your Committee has made the change to provide an assured minimum level of funding. The amount has been left blank. Your Committee feels that the Committee on Ways and Means is the more appropriate body to set the amount. Your Committee intends that the moneys in the separate account will require specific legislative appropriation if it is to be expended by the land bank authority.

(2) Because of the elimination of the earmarking to the special fund, references to revenue bonds secured by the proceeds in the special fund have been deleted.

(3) A provision has been added to section -7 to specifically state that the legislature may appropriate general funds to the authority for the implementation of its powers and duties. Your Committee does not intend that implementation of the land bank program rely exclusively on the special fund, as the special fund no longer receives earmarked revenues from the transient accommodations tax.

In addition, your Committee has made other amendments necessary to conform to the major amendments previously discussed.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 1193, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1193, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 60 (Majority) Tourism and Recreation on S.B. No. 1680

The purpose of this bill is to establish a health promotion travel industry council and marketing network that would boost international marketing of health promotion facilities and programs in Hawaii.

Your Committee heard supporting testimony from the Director of Planning and Economic Development, the Director of Health, Dale Hoffmann Company, Bank of Hawaii, World Travel Consultants, Inc., Advance Planning Research, and the Hilo Hawaii Visitor Industry Association, and finds that development of a combined travel and health industry, as contemplated by this measure, would expand health promotion and health care capabilities in the State, raise the

consciousness of Hawaii's own residents to improve their health and life-styles, and impact favorably on Hawaii's visitor industry.

Your Committee has amended the bill by providing an appropriation of \$100,000 to the Department of Planning and Economic Development to implement the Council. Your Committee has also made numerous language and stylistic changes which are technical in nature and do not materially alter the intent, purpose, or substantive provisions of this bill.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 1680, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1680, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.
Senator B. Kobayashi did not concur.

SCRep. 61 Tourism and Recreation on S.B. No. 890

The purpose of this bill is to establish a program under which state and county beautification projects may be funded from a portion of the proceeds of the transient accommodations tax.

Much of the infrastructure of the State and counties is in need of improvement. The lack of moneys has been the primary reason for delay of the improvements. Under this bill, a portion of the transient accommodations tax is made available for state and county beautification projects.

Your Committee has amended the bill by deleting the beautification project special fund and the earmarking of a percentage of the transient accommodations tax revenues to the fund. Instead, your Committee has required a flat amount from the proceeds of the tax to be maintained in a separate account in the general fund to be available, subject to legislative appropriation, for state and county beautification projects. Your Committee has made the change to have available the same amount of moneys for the program in each fiscal year. Your Committee feels that this method is more conducive to proper planning by the legislature for the appropriation of the separately maintained moneys.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 890, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 890, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 62 Tourism and Recreation on S.B. No. 1712

The purpose of this bill is to make housekeeping and technical amendments for the consistent imposition of the transient accommodations tax and to require a portion of the proceeds collected from the tax to be available for expenditures necessary to host the 1990 America's Cup yacht race.

This bill, in most part, is an administration proposal and has been formulated after discussions with representatives of the visitor industry and other affected taxpayers. Among other provisions, this bill includes under the tax transient accommodations furnished by boats and other water vessels, exempts from taxation accommodations furnished to students seeking post-secondary education, exempts from taxation complimentary accommodations, and requires reconciliation statements.

This bill also requires \$1 million in each of the fiscal years 1987-1988 and 1988-1989 from the proceeds collected from the transient accommodations tax to be maintained in a separate account in the general fund to be available, subject to legislative appropriation, for expenditures necessary to host the 1990 America's Cup yacht race in Hawaii. Proponents of hosting the America's Cup race have stressed that the State may realize extraordinary net economic benefits. Your Committee feels that the proposal has merit and has retained the provision to display the State's seriousness about and commitment to hosting the Cup. Your Committee, however, intends that no part of the moneys in the separate account shall be expended unless appropriated by the legislature.

Your Committee has amended the bill by inserting new sections 13 and 14 and the phrase "or 239" after "chapter 237" on page 6, line 14, of the bill, as received. These amendments are necessary to address the imposition of the transient accommodations tax on boats and other water vessels.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 1712, S.D. 1, as amended herein, and recommends that it be referred to the Committee on Ways and Means in the form attached hereto as S.B. No. 1712, S.D. 2.

Signed by all members of the Committee.

SCRep. 63 (Joint) Agriculture, Energy and Ocean Resources and Housing, Hawaiian Programs and Natural Resources on S.B. No. 1307

The purpose of this bill is to enact a State Water Code to implement Article XI, section 7, of the Hawaii Constitution.

After study and consideration, your Committees have made the following changes:

1. The five parts of the new chapter comprising the Water Code have been expanded to eight parts. The new parts cover reports on water use, instream uses of water and stream diversion works. The heading of one part, consumptive uses, has been changed to permits for water use.

2. Definitions for the following terms have been added: change in use, channel alteration, coastal waters, continuous flowing water, emergency, instream flow standard, interim instream flow standard, non-instream use, stream channel, stream diversion, stream reach, stream system, sustainable yield, time of withdrawal or diversion, water source, and well.

3. The following changes have been made to part one on administrative structure:

- (1) To the duties of the board have been added the planning and coordination of programs to develop, conserve, protect, control, and regulate water resources based on the best available information and in cooperation with various public and private entities.
- (2) The deputy for water resource management is designated a first deputy and compensated as such.
- (3) The chairperson of the advisory commission on water resource management is authorized to appoint additional nonvoting members.
- (4) The board is authorized to designate certain preferred uses, in connection with a particular source, which would result in enhancement or improvement of area water resources.
- (5) The board is required, in proceedings before it concerning water resources of a particular county, to invite an official of the county affected to sit as a nonvoting member during the proceedings. To facilitate dispute resolution, the board may use mediation methods, including use of masters.
- (6) A penalty provision has been deleted as being redundant.
- (7) The designation of ground water areas under chapter 177, Hawaii Revised Statutes, has been substituted for the provision designating Oahu as a water management area.
- (8) Three additional criteria for ground water use regulation have been added: increase in use will cause the maximum rate of withdrawal to reach 90% of sustainable capacity; actual or threatened water quality degradation determined by department of health; and if the board determines that construction of water development projects already approved by government agencies will result in violation of any of the seven criteria.
- (9) One additional criterion for surface water use regulation, that serious disputes respecting use of water resources are occurring, has been added.

4. A new part two providing for various reports of water use to be required by the board covering all development and use of water in the State is added. In this connection, a former section providing for adoption of rules to require annual reporting of water usage has been deleted.

5. The former part entitled consumptive uses has been retitled permits for water use and the following changes made:

- (1) Two new conditions to obtain a permit for proposed water use are added: that the use can be accommodated with the available water supply and that the use is consistent with state and county general plans and land use policies.
- (2) With respect to permit term modifications, where there is insufficient water for competing applications and the conditions for use are met, preference is given to a permittee changing water use because of a change in land use or change in location of use.
- (3) Riparian and correlative water rights are also preserved in addition to appurtenant rights.

6. The details in the former part relating to water quality have been deleted and replaced by a statement that jurisdiction over water quality shall be governed by chapters 340E and 342 of the Hawaii Revised Statutes.

7. A whole new part on instream uses of water has been added. Provision is made that the board establish and administer a statewide instream use protection program by establishing instream flow standards on a stream-by-stream basis as necessary, including interim instream flow standards. The procedure for doing so is spelled out.

8. Another new part covers the construction of stream diversion works, setting forth registration requirements for existing, and permit requirements for construction and alteration or abandonment of, diversion works.

9. The part on native Hawaiian water rights has been retained and a statement, that the water code shall not apply to or diminish any water rights established by chapter 175, Hawaii Revised Statutes, relating to the Molokai irrigation system, has been added.

10. In addition to the water code provisions above described, the bill further:

- (1) Transfers all rights, powers, functions, and duties of the department of land and natural resources for managing, controlling, operating, and maintaining irrigation water facilities to the department of agriculture.
- (2) Establishes within the legislative reference bureau for administrative purposes a seven-member review commission on the State Water Code appointed by the senate president and house speaker to perform a comprehensive review of the State Water Code and the development of recommendations for its improvement. This review work is to begin five years after the water code's passage and is to be completed within two years. After submitting its report, the commission ceases to exist.
- (3) States that nothing in the bill is to be construed as a state mandate to the counties.
- (4) Provides for severability.
- (5) Repeals chapter 176D, Hawaii Revised Statutes, in addition to chapters 176, 177, and 178, Hawaii Revised Statutes.
- (6) Appropriates \$235,000 for fiscal year 1987-1988 to the department of land and natural resources for the purposes of the bill.
- (7) Sets the effective date as July 1, 1988, except for the appropriation which takes effect on July 1, 1987, but provides that the board of land and natural resources shall prepare all the necessary regulation and organizational support to implement the law on its passage.

Your Committees on Agriculture, Energy and Ocean Resources and Housing, Hawaiian Programs and Natural Resources are in accord with the intent and purpose of S.B. No. 1307, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1307, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senators Holt and Henderson.

SCRep. 64 Consumer Protection and Commerce on S.B. No. 1525

The purpose of this short form bill was to amend the laws of the State of Hawaii.

In 1985, the legislature provided funds to the Insurance Commissioner for a comprehensive review of Chapter 431. The report, along with recommendations, was submitted to the

legislature along with S.B. No. 1080, which represents the complete rewrite of Chapter 431. S.B. No. 1525 provided a vehicle for anticipated changes in S.B. No. 1080.

Your Committee has amended the bill by inserting material which, if adopted, would be read in conjunction with S.B. No. 1080. The new statutory sections are designated in accordance with the system used in Chapter 490, the Uniform Commercial Code. The new material would include the following:

- (1) Change standards for revocation of an insurer's certificate of authority;
- (2) Include occupation as a rating factor;
- (3) Delete references to occupation as a discriminatory practice;
- (4) Provide the Model Holding Act;
- (5) Authorize the Insurance Commissioner to determine if a change in policy coverage requires a rate filing; and
- (6) Provide for use of reinsurance reserves in the event of insurer insolvency.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1525, as amended herein, and recommends it pass First Reading in the form attached hereto as S.B. No. 1525, S.D. 1, and be recommitted to the Committee on Consumer Protection and Commerce for further consideration.

Signed by all members of the Committee except Senators Blair, Aki, Kuroda, Nakasato and Ikeda.

SCRep. 65 Consumer Protection and Commerce on S.B. No. 348

The purpose of this bill was to establish a new chapter in the Hawaii Revised Statutes to provide for the regulation and licensing of persons who deliver respiratory care services.

Currently respiratory care services are not regulated although there are several persons providing such services throughout the State.

Your Committee received testimony in support of this bill from the Hawaii Society for Respiratory Care and several medical or health care organizations and finds that the improper use of respiratory equipment could endanger a patient's health and safety and certain respiratory procedures can lead to cardiac arrest. Your Committee also finds that although respiratory care and services are generally specified in written or oral orders from a physician, such services may sometimes be performed without the presence of a physician.

Your Committee is also aware of Legislative Auditor's Report 86-10 which indicates that the certification program for respiratory therapy practitioners provided by the National Board for Respiratory Care (NBRC) is an adequate indicator of minimal competence, but takes note of the fact that such certification is voluntary.

Although your Committee is not convinced of the need to establish a separate board to regulate respiratory therapy, your Committee believes that there is a real need to ensure the minimum competency of individual practitioners in order to protect the consumer, and that NBRC certification should be made mandatory for the privilege of practicing in this State. Therefore, your Committee has amended the bill by deleting the substance and replacing it with a new part to chapter 453, Hawaii Revised Statutes, which would:

- (1) Place the regulation of respiratory therapy under the Board of Medical Examiners;
- (2) Require certification as a condition for practicing and require that certification and recertification applicants hold a certificate from the NBRC and meet standards set by the Board of Medical Examiners;
- (3) Require certification applicants to take an examination every four years and provide proof of successful completion;
- (4) Require the Board to provide standard certification application forms, renewal procedures, fees, and administrative sanctions;
- (5) Authorize the Board to establish an advisory committee of practicing respiratory therapy technicians to assist the Board in the performance of duties under the new part created by this measure;

- (6) Authorize the Board to adopt rules necessary to implement this measure; and
- (7) Provide for an effective date of July 1, 1988.

Your Committee wishes to note that this measure is not intended to unreasonably restrict any applicant's entry into the practice of respiratory therapy.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 348, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 348, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Blair, Chang, Matsuura and Nakasato.

SCRep. 66 Consumer Protection and Commerce on S.B. No. 1058

The purpose of this bill is to appropriate \$125,000 to the Hawaii Public Broadcasting Authority to extend work on an existing archive project through June 30, 1988.

The 1986 Legislature included \$117,000 in the Hawaii Public Broadcasting Authority's budget for it to begin work on the creation of a Film and Video Archive. That appropriation reflected a recognition of the importance of recorded moving images as valuable documents of Hawaii's history and culture. With this initiative, Hawaii took national leadership and became the first state in the Union to mandate a statewide effort in this area.

One of the objectives of the project is to preserve existing collections and resources, and affirm documentation of historic lives and significant sites. As a result of this project, Hawaii's future generation will have access to a moving image record of the social, political, and humanistic elements that have shaped Hawaii's destiny.

Your Committee received testimony supporting the continued appropriation of the archive project from the Hawaii Public Broadcasting Authority and the Bishop Museum. There was a general consensus that a film and video archive is essential to preserving Hawaii's heritage.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1058 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 Blair, Chang, Matsuura and Nakasato.

SCRep. 67 Consumer Protection and Commerce on S.B. No. 70

The purpose of this bill is to clarify the language of section 514A-94(a), Hawaii Revised Statutes.

Your Committee finds that without the clarifying changes proposed by this bill, a person could conceivably argue in court that an association of apartment owners is not entitled to collect costs incurred in enforcing the rules of the Real Estate Commission, a mischief which this measure will prevent.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 70 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 Blair, Chang and Nakasato.

SCRep. 68 Health on S.B. No. 516

The purpose of this bill is to authorize special purpose revenue bonds in the amount of \$32,000,000 to finance or refinance a construction and renovation project, and in the amount of \$8,000,000 for purchase of medical and computer equipment, for Kapiolani Health Care System, Inc.

Your Committee heard supporting testimony from the President and Chief Executive Officer of Kapiolani Health Care System and the President and Chief Executive Officer of Healthcare Association of Hawaii and finds that Kapiolani Health Care System, Inc. is a not-for-profit corporation that provides health care facilities to the general public and is therefore eligible for financial support by means of special purpose revenue bonds issued pursuant to chapter 39A,

part II, Hawaii Revised Statutes. Your Committee further finds that this measure will improve the ability of Kapiolani Health Care System to provide needed medical and health related services to the public, and is therefore in the public interest and consistent with the legislature's mission to provide for the public health.

Your Committee has amended the bill by combining the requested amounts and generally rewriting Section 2 to conform to recommended drafting style.

Your Committee on Health 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.

SCRep. 69 Health on S.B. No. 82

The purpose of this bill is to repeal section 235-110.5, Hawaii Revised Statutes, which provides a tax credit equal to four percent of the gross sales price of items such as glue, paints, and solvents which can be abused by inhalation, provided that substances have been added to deter such abuse.

Your Committee heard testimony from the Director of Taxation that over the years the claim for this tax credit has been minimal and that the process for claiming it is probably not worth the reward.

Your Committee finds that the tax credit is ineffective in reducing inhalation abuse and that the safety and health of the public would be better served by requiring additives rather than offering economic incentives for using them.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 82 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. 70 Health on S.B. No. 570

The purpose of this bill is to authorize special purpose revenue bonds in the amount of \$15,000,000 to assist G.N. Wilcox Memorial Hospital in financing an expansion and renovation project including a 110-bed long-term care unit, consolidation and modernization of a utility building, expansion and modernization of a kitchen and cafeteria, and remodeling of same day surgery and diagnostic imaging services areas.

Your Committee received supporting testimony from the Chief Executive Officer of G.N. Wilcox Memorial Hospital and the President and Chief Executive Officer of Healthcare Association of Hawaii and finds that G.N. Wilcox Memorial Hospital is a not-for-profit corporation that provides health care facilities to the general public and is therefore eligible for financial support by means of special purpose revenue bonds issued pursuant to chapter 39A, part II, Hawaii Revised Statutes. Your Committee further finds that this measure will improve the ability of G.N. Wilcox Memorial Hospital to provide needed medical and health related services to the public, and is therefore in the public interest and consistent with the legislature's mission to provide for the public health.

Your Committee has amended the bill by adding a new Section 4 authorizing the Department of Budget and Finance to issue refunding special purpose revenue bonds.

Your Committee on Health 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.

SCRep. 71 Government Operations on S.B. No. 1088

The purpose of this bill is to appropriate \$440,000 from the general revenues of the State of Hawaii for fiscal year 1987-1988, for plans, renovations and construction of the Lihue Neighborhood Center, Lihue, Kauai. This appropriation will be matched by the County of Kauai.

The existing Lihue Neighborhood Center was constructed in 1956 to serve a plantation community. Its use has increased rapidly, reflecting the growing population of Lihue. As a result, the present building is too small to accommodate the current demand. In addition, the

building is not designed to handle the diverse needs of the residents of Lihue.

Your Committee received testimony from Mr. Shizuo Hamamoto, President of the Lihue Senior Center, in support of this bill.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1088 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. 72 Consumer Protection and Commerce on S.B. No. 469

The purpose of this bill is to require sellers of computers to provide a written disclosure to purchasers of any removal or replacement of computer parts or components from the computer as received from the manufacturer.

Your Committee is informed that it has been the practice of certain computer retailers to remove or replace computer parts from computers manufactured by well-known computer manufacturers. While this practice has been used to improve computer performance, this practice has also led to computer parts being replaced with parts of inferior quality, which may result in a decrease in computer performance, incompatibility among computer parts, and even computer failure. Your Committee finds that without the written disclosure of the removal or replacement of computer parts, the general public will be at risk of buying inferior equipment and paying for unnecessary repairs, as well as experiencing deep personal frustration.

Your Committee has amended the bill by requiring that the written disclosure be conspicuous and in 8-point type. Your Committee believes that this amendment would further strengthen the disclosure provisions of this bill. Your Committee has further amended the bill by making a technical change which has no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 469, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 469, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Matsuura and Nakasato.

SCRep. 73 Agriculture, Energy and Ocean Resources on S.B. No. 682

The purpose of this bill is to appropriate funds for the promotion of anthuriums produced in Hawaii, to be matched dollar-for-dollar by the anthurium industry.

Your Committee received testimony from the chairperson of the department of agriculture, the dean of the University of Hawaii's college of tropical agriculture and human resources, and a member of the Hawaii Farm Bureau Federation in support of this bill and finds that Hawaii's anthurium industry is mainly an export industry. Until recently, the majority of the anthuriums exported have been sent to foreign countries although promotional efforts have been made to reach the U.S. mainland markets. These efforts have been rewarded by increased sales; however, the promotional efforts must continue if Hawaii's anthurium industry is to remain competitive in the market.

Your Committee, upon consideration of this bill, believes that the anthurium industry could utilize additional funds for the promotion of Hawaiian anthuriums, and has amended the bill to increase the appropriation to \$30,000 for fiscal year 1987-1988 for programs to promote anthuriums grown in Hawaii.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 682, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 682, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 74 Agriculture, Energy and Ocean Resources on S.B. No. 686

The purpose of this bill is to appropriate funds for the development of a simplified test to screen fish tissue suspected of containing ciguatoxin.

The chairperson of the department of land and natural resources testified that the development of an effective and simple test for ciguatoxin, a poison found in certain marine

fishes and the cause of ciguatera disease in people, has and continues to be one of the priority issues of the department's fisheries program. Dr. Yoshitsugi Hokama of the University of Hawaii's School of Medicine is developing this test to detect ciguatoxin in fish tissues suspected of being contaminated with the toxin. The department, in coordination with Dr. Hokama, will soon be distributing a 3-step ciguatoxin kit to selected fishermen throughout the state for testing purposes.

Your Committee concurs with the intent of this bill, however, we believe that the appropriate agency to expend the funds would be the department of land and natural resources, rather than the University of Hawaii, and has amended the bill accordingly.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 686, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 686, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 75 Agriculture, Energy and Ocean Resources on S.B. No. 701

The purpose of this bill is to appropriate funds for the design and construction of a new reefer room at the Kamuela vacuum cooling plant.

The Kamuela vacuum cooling cooperative is a service cooperative which provides refrigeration services to all farmers in the Kamuela area of the Big Island. During the refrigeration process, harvested produce is first cooled in the vacuum coolers then stored in reefers until the produce can be trucked to their distribution points.

The addition of this new unit will enable the farmers and other users to cope with heavy storage requirements during the winter months when barge services are often disrupted. The increased capacity will also support the projected growth of leafy crops production in the Kamuela area.

The Hawaii farm bureau federation testified that \$250,000 would be needed for the design and construction of a new reefer. Your Committee has amended the bill to reflect the amount needed for a new reefer room.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 701, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 701, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 76 Agriculture, Energy and Ocean Resources on S.B. No. 690

The purpose of this bill is to appropriate funds for the general support of the Puna Research Center, Puna, Hawaii.

The executive director of the natural energy laboratory of Hawaii testified that this facility will provide for the research, development and commercial use of the geothermal fluids to develop new technologies and businesses. Presently, the research center houses five small scale demonstration projects, in spite of the unfinished conditions at the site. These demonstration projects are leading the way in demonstrating that there are many alternate non-electric uses for the geothermal fluids available in Hawaii.

The proposed appropriation would provide permanent on site staff to manage the research center, market the facility, and assist research and the new businesses that are created at the site.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 690 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. 77 Agriculture, Energy and Ocean Resources on S.B. No. 966

The purpose of this bill is to authorize the director of finance to issue general obligation bonds in the sum of \$750,000 for fiscal year 1987-1988, and \$1,050,000 for fiscal year

1988-1989, and to appropriate the same amounts for the planning, design, and construction of a geothermal incubator facility at the Puna Geothermal facility.

Presently there is a need for an incubator facility that focuses on the utilization of our geothermal resources. The executive director of the Natural Energy Laboratory of Hawaii testified that an incubator facility located in the Puna district would provide a site where researchers and entrepreneurs can start new companies, which would in turn provide jobs, tax revenues, and economic development benefits needed in the Puna area.

Your Committee also received testimony from the director of the department of planning and economic development proposing amendments which would clarify the intent of the bill. These amendments include utilizing some of the funds appropriated for "acquisition of land" and specifying that the appropriation will be for a geothermal "direct use" incubator facility. Your Committee, upon consideration, concurs with the proposed amendments, and has amended the bill accordingly. The bill has been further amended by making minor language changes which have no substantive effect.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 966, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 966, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 78 Agriculture, Energy and Ocean Resources on S.B. No. 1081

The purpose of this bill is to appropriate funds for the design and construction of a livestock staging area of holding pens at Nawiliwili Harbor.

Currently the department of transportation is developing a 2010 Harbor Master Plan for Nawiliwili Harbor which also includes plans for livestock holding pens. Until completion of this master plan, the director of transportation suggested the use of a temporary shelter which would provide short-term relief. The estimated cost for a temporary shelter would be \$20,000, until the department can provide a more permanent facility with metal roof, water service and paved roadways to accommodate traffic.

Your Committee has amended this bill to provide the \$20,000 necessary to provide a temporary shelter at Nawiliwili Harbor.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 1081, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1081, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 79 Agriculture, Energy and Ocean Resources on S.B. No. 1110

The purpose of this bill is to authorize the issuance of general obligation bonds for the planning, design and construction of an ocean and marine utilization incubator laboratory building at the Natural Energy Laboratory of Hawaii (NELH).

Ocean and marine technology has been identified as a primary "niche" area in Hawaii's statewide strategy for high technology growth. The incubator facility will provide a nurturing environment, which would allow access to equipment, facilities and technically qualified people to develop ideas and concepts into products for a very specialized small business activity.

All laboratory and office space at NELH is fully occupied by the tenants and staff of NELH. At the same time, six to ten new users are waiting for facility use. Additional facilities must be provided if NELH is to provide for these new projects.

Favorable testimonies were received from the department of planning and economic development, Natural Energy Laboratory of Hawaii, High Technology Development Corporation and the department of land and natural resources.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 1110 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. 80 Education on S.B. No. 918

The purpose of this bill is to appropriate \$109,106 for fiscal biennium 1987-1989 for the continuation of the Maui Hui Malama alternative education program.

Your Committee heard supporting testimony from Stanley Kain, Executive Director of Maui Hui Malama, and finds that this appropriation would enable students to receive educational guidance and instruction in order to obtain their high school diplomas which is consistent with the declared policy of the Legislature to provide public education, and is therefore in the public interest.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 918 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. 81 Culture, Arts and Historic Preservation on S.B. No. 819

The purpose of this bill is to appropriate \$5,100,000 from general obligation bond sales for the restoration of the Natatorium.

The bill proposes the implementation of Option 2, Beach Restoration, as outlined in the Final Preliminary Planning Report prepared by The CJS Group Architects, Ltd.

The State owned, City and County administered, War Memorial Natatorium is listed in both the Hawaii and National Registers of Historic Places. The Natatorium opened on August 24, 1927, as a memorial dedicated to the men and women of Hawaii who served in World War I. With its 100 meter swimming pool, it was the first "living" war memorial in the United States.

Your Committee heard supporting testimony from the Department of Land and Natural Resources and finds that this appropriation would enable the City and County to restore the Natatorium which is consistent with legislative goals relating to historic preservation.

Your Committee has amended the bill by making technical changes which have no substantive effect.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 819, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 819, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Hagino.

SCRep. 82 Culture, Arts and Historic Preservation on S.B. No. 642

The purpose of this bill is to fund a permanent full-time educational coordinator position at Waipahu Cultural Garden Park.

Your Committee heard supporting testimony from the Department of Education (DOE) and finds that the Leeward Oahu District students have taken advantage of the many excellent educational activities being offered at the park.

Your Committee amended the bill by changing the classification/compensation plan of the position from that of an educational officer (section 297-31.2) to that of a teacher (section 297-31.1).

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 642, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 642, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 83 Consumer Protection and Commerce on S.B. No. 1526

The purpose of this short form bill is to amend the laws of the State of Hawaii relating to insurance.

Your Committee has amended the bill by deleting the substance and inserting therefor material which would establish a new chapter in the Hawaii Revised Statutes permitting the

formation of risk retention groups in the State of Hawaii.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1526, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1526, S.D. 1, and be recommitted to the Committee on Consumer Protection and Commerce for further consideration.

Signed by all members of the Committee except Senators Fernandes Salling, B. Kobayashi, Kuroda and Nakasato.

SCRep. 84 (Joint) Agriculture, Energy and Ocean Resources and Housing, Hawaiian Programs and Natural Resources on S.B. No. 398

The purpose of this bill is to transfer all rights, powers, functions, and duties relating to the Molokai, Waimanalo, and Lalamilo Irrigation Systems from the Department of Land and Natural Resources to the Department of Agriculture.

Your Committees have received testimony in support of this bill from the Department of Agriculture and the Department of Land and Natural Resources.

Your Committees find that in accordance with the State Constitution, it may be necessary to separate powers of development and use from powers of regulation with respect to water, where both powers are located in the same agency. In that context, if a State Water Code is enacted, the Department of Land and Natural Resources may be required to relinquish its development responsibilities for water. Inasmuch as the three state irrigation systems service agricultural users, and the agricultural park program has already been transferred to the Department of Agriculture, the transfer of the irrigation systems would allow better coordination of these services.

Your Committees further find that the Department of Agriculture has no administrative or technical background or expertise in the management and operation of irrigation systems. Each irrigation system is operated by an Irrigation District Manager and a staff of service workers and general laborers, all of whom are supervised by an Engineering Program Manager. Transfer of the irrigation system officers and employees as provided by the bill will require the establishment of a new position of Engineering Program Manager in the Department of Agriculture.

Your Committees have amended this bill as follows:

Chapters 174 and 175, Hawaii Revised Statutes, are repealed, and new chapters are established under Title 11 ("Agriculture and Animals"), Hawaii Revised Statutes. An irrigation system revolving fund is established under the Board of Agriculture.

A new position of Engineering Program Manager is established in the Department of Agriculture, and funds are appropriated for this purpose.

Water facilities, including real property together with all improvements to the same which relate to the state irrigation systems, are transferred to the Board of Agriculture.

The effective date of the bill has been amended to take effect one year from enactment of a State Water Code.

Your Committees have also made other technical, non-substantive amendments to this bill.

Your Committees on Agriculture, Energy and Ocean Resources and Housing, Hawaiian Programs and Natural Resources are in accord with the intent and purpose of S.B. No. 398, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 398, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees.

SCRep. 85 Corrections on S.B. No. 5

The purpose of this bill is to create a new Department of Corrections that would be responsible for the formulation and implementation of state policies and objectives for correctional programs and the administration and maintenance of all correctional facilities.

Presently, correctional services are the responsibility of the Department of Social Services and Housing (DSSH), Corrections Division. The DSSH has become too large and has too many different functional responsibilities to be effective in all areas. An umbrella department like

the DSSH cannot devote full and undivided attention to corrections because there are other programs that are equally important in fulfilling the DSSH's mission. During fiscal year 1975, the corrections division had expended \$6,491,835. There were 6 facilities and a population of 403 inmates and 325 staff members. By fiscal year 1986, expenditures reached \$36,432,607; there were 9 facilities and a plan to open a medium security facility within the year; and the staff for the facilities increased to 1,294 and the inmate population jumped to 2,143.

A separate department for correctional services in Hawaii would not only give correction programs the focussed and continuous attention that they desperately need, but also increase the accountability of correctional administrators to the Legislature and the Governor, as it is easier to hold a single individual responsible for corrections decisions than numerous agency heads. In addition, the consolidation of correctional programs under one authority can also result in a more coherent and uniform philosophical approach to corrections and better coordination and communication among the various corrections and criminal justice agencies than if they were under separate departments. Lastly, a single department with a single executive would allow the authority to deploy fiscal and personnel resources in a flexible manner throughout the department thereby improving the effectiveness of the correctional facilities while providing for economic efficiency.

Your Committee received testimonies from the following listed individuals:

- 1) Harold Falk and Winona Rubin, Department of Social Services and Housing
- 2) Edward Hirata, Department of Transportation
- 3) John Lewin, Department of Health
- 4) Melvin Masuda, Chaminade University
- 5) Dan Foley, American Civil Liberties Union
- 6) Marc Oley, Hawaii Paroling Authority
- 7) Janice Wolf and Betty Vitousek, Judiciary
- 8) Alexis Lum, Department of Defense
- 9) Libert Landgraf, Department of Land and Natural Resources
- 10) Tom Murton, Criminologist
- 11) David Porter, Legislative Watch
- 12) Harry Kanada, Probation Department
- 13) Warren Price, Attorney General
- 14) William Paty, Land and Natural Resources
- 15) Gary Rodrigues, United Public Workers
- 16) Ken Nakamine, Kalihi Palama Neighborhood Board
- 17) Harold Jambor, Council of Churches
- 18) Roy K.S. Chang, Hawaii Criminal Justice Commission

While all testimonies were in support of a Department of Corrections, there were disagreements on the transfer of some functions from existing departments into the Department of Corrections.

Harold Falk of the Department of Social Services and Housing and Betty Vitousek of the Judiciary expressed the need to keep juvenile probation and detention in the Family Court system as services to youngsters are currently satisfactory and a transfer would be disruptive to any progress made. Testimonies from Janice Wolf and Harry Kanada of the Judiciary as well as Melvin Masuda of Chaminade College recommended that adult probation functions remain with the Judiciary. Tom Murton, criminologist, testified that based on nationwide research and his own professional experience in correctional services, adult probation should be a component of the Department of Corrections.

Testimony from the Attorney General indicated that he would not have any objections to the transfer of the Criminal Justice Data Center, Civil Identification and Capitol Security from the Department of the Attorney General to the Department of Corrections.

There were further concerns expressed to the effect that a transfer of the Sheriff's office to the Department could create conflicts as the Sheriff's office is responsible for security and law enforcement while the Department is primarily responsible for corrections. Additionally, there was an overriding concern expressed that the Department should focus on corrections and not security or law enforcement.

Your Committee, upon consideration of the bill and careful review of all testimonies, believes that the Department of Corrections should focus primarily on correctional programs which would promote the efficient delivery and continuity of services and rehabilitation of inmates. In this respect, your Committee believes that the following provisions are necessary to effectuate and accomplish the purposes of the Department of Corrections:

1. The creation of separate divisions and deputy director positions for Inmate Utilization and Programs as well as Probation and Parole Services. This organizational structure is designed to insure that these important areas, including probation services and correctional industries, are given high priority and focus relative to the programs and services for the correctional facilities.
2. The Probation office should be under the control of the Department rather than the Judiciary. This transfer will achieve better coordination between the Probation office and other criminal justice agencies, including the Intake Service Center. Moreover, by combining probation and parole into one division, the Department can reallocate staff and personnel to allocate more staff to probations or parole as the respective caseloads may dictate.

Your Corrections Committee considered the various arguments raised by the Judiciary in opposition to the transfer of the probation function to the Judiciary. These arguments included: 1) probation has historically and traditionally been under the Judiciary; 2) communication between the judges and probation officers will break down if probation is transferred to the executive branch; 3) probation will have to compete with other correctional programs for scarce resources and dollars; and 4) probation is presently functioning well under the Judiciary and if "it ain't broke, don't fix it".

In response to the first contention, it should be pointed out that as of June 30, 1985, about forty States have probation services within the executive branch. Moreover, even if the probation function is transferred, probation officers will still be accountable to judges under existing laws for the assessment and supervision of probationers. This bill will in no way repeal these laws, including statutes relating to the judge's authority to impose conditions of probation and the responsibility of probation officers to enforce compliance of these conditions. Furthermore, probation services can be improved under the executive branch to the extent that resources and personnel can be reallocated within the new Department to strengthen the delivery of probation services. The Director of the Department of Corrections will have an incentive to insure an adequate level of funding for the probation office because he will be directly accountable for the quality of the probation services. Even if the probation office is presently operating in an admirable fashion given the limited resources, there are still ongoing problems that need to be resolved, such as the high and unmanageable caseloads. Additionally, the placement of the probation office within the new Department will facilitate better coordination of the probation function with other correctional and criminal justice agencies.

To satisfy the concerns of the Judiciary that an immediate transfer of probation will negatively impact upon the delivery of probation services, the bill delays the transfer of the Probation office to no sooner than July 1, 1988. This should give the new Department ample time to develop a transfer plan in close consultation with the Judiciary that would minimize disruption of existing probation services. The bill also allows for the transfer of all position counts in the Probation office from the Judiciary to the new Department to insure continuity in the staff and management structure within the Probation office.

3. Parole Investigation and Supervision are to be transferred from the Hawaii Paroling Authority to the new Department. This transfer is designed to insure better coordination of parole services with other correctional programs and activities. It should be noted that the Chairman of the Hawaii Paroling Authority has no objection to this transfer, provided that the Probation office is also included in the transfer.
4. The Sheriff's office will not be transferred to the Department of Corrections. However, the new Department will assume the responsibilities of the Sheriff's office for inmate transport to and from the courts.

It is the feeling of your Committee that the Department should focus only on correctional-related problems and programs. It is important that the Department begin its operations by carrying out its primary mandate which is to improve the correctional system effectively without being hampered with other administrative concerns. Moreover, the inclusion of other functions of the Sheriff's office (e.g. service of process, issuance of warrants, bailiff duties) would divert the new Department's attention from its primary mission, and may establish a precedent for including other law enforcement functions and activities within the Department in the future. These activities include game and wildlife law enforcement within the Department of Land and Natural Resources and harbor and airport security within the Department of Transportation.

This transfer of law enforcement functions may be undesirable because: 1) the above-mentioned law enforcement functions are highly specialized in nature; 2) the mission of the Department of Corrections would be diluted; and 3) there may be a problem

of infringing upon county police responsibilities. It should be noted that representatives of the Department of Transportation and the Department of Land and Natural Resources testified against the transfer of their respective law enforcement functions to a new Department.

5. Capitol Security and security services for public buildings and civil identification have not been transferred into the new Department for the reasons outlined above. The Chairman of your Committee has spoken with several security officers who indicated that there appears to be a consensus among security personnel that they would prefer remaining within the Attorney General's office. They feel that their needs and activities would be given lower priority within the newer and larger Department of Corrections.
6. Juvenile Probation and the Detention Home shall remain with the Judiciary because of the close relationship between the Family Court and these offices.

Your Committee adopted the aforementioned provisions as well as other recommendations and has accordingly amended the bill as follows:

1. Amended page 1 by deleting the provision relating to the Board of Corrections since there will not be a Board within the Department of Corrections and by adding a provision that the Hawaii Criminal Justice Commission be placed within the Department of Corrections for administrative purposes.
2. Amended page 2 by deleting the references to juvenile detention in item (2) and by changing item (3) to probation investigation and supervision of adult offenders. The juvenile detention and probation functions are not to be included in the Department of Corrections.
3. Amended page 3 by adding item (6) to the Department's functions, the provision of transportation services for court-ordered appearances of defendants who are under the care and custody of the Department of Corrections and by amending subsection (d) to specify the transfer of the Criminal Injuries Compensation Commission, the Hawaii Criminal Justice Commission, the Hawaii Criminal Justice Data Center, and the Judiciary's transportation and security functions over defendants who are under the care and custody of the Department of Corrections. Also added to the Department's functions, items (8), (9), (10), and (11). These four items were adopted from the administration bill, S.B. No. 1719.
4. Deleted from page 3 the provision requiring the Director of Corrections to assign one deputy to supervise the Correctional Industries Program. Added a provision that the Department shall have three deputies to supervise, as assigned by the Director, the Institutional Services Division, the Inmate Utilization and Programs Division, and the Probation and Parole Services Division.
5. Deleted from pages 8-9 Section 3 of the bill which provided for the establishment of youth detention facilities in the Department of Corrections since such facilities will remain with the Family Court.
6. Deleted from page 9 the amendment adding detention facilities to the title of the chapter on youth correctional facilities.
7. Deleted from pages 9-10 the definition for Board of Corrections.
8. Deleted from page 10 the provision requiring that the Director of Corrections be nominated by the Board of Corrections since there will not be a board.
9. Included in items (2), (4), and (5) on pages 11-12 references to detained persons to ensure that services of the Department of Corrections are provided to detained as well as committed persons.
10. Added to item (11) on page 13 the requirement that the Director visit all state correctional facilities at least once in every sixty days.
11. Corrected drafting error on page 13, line 16..."provided by law".
12. Deleted from pages 13-14 the section establishing the Board of Corrections. Added a new section which sets out the organizational structure of the Department of Corrections.
13. Renumbered sections 353-3.5 through 353-15 as 353-4 through 353-16.

14. On pages 14-15, changed the name of the Intake Reception Centers to Intake Service Centers.
15. Provided on page 19 for the establishment of an Intake Service Centers Branch.
16. Amended item (3) on page 20 to delete presentence assessment responsibility from the Intake Service Centers since this function is to be performed by the Probation Investigation and Supervision Branch of the Division of Probation and Parole Services and to require instead that the centers provide assistance in this function when requested by the Probation Investigation and Supervision Branch.
17. Amended item (5) on page 20 to clarify that personal and correctional services of the Intake Service Centers shall apply to detained and committed persons.
18. Amended item (7) on page 20 to delete the requirement that the Intake Service Center centralize all criminal history record information and require instead that it collect and maintain information and statistics relating to detained and committed persons under the Department's jurisdiction. The Hawaii Criminal Justice Data Center which is to be transferred to the Department of Corrections will be responsible for centralizing all criminal history record information.
19. Deleted from pages 20-21 the confidentiality of records section since this requirement will be placed under the Probation Investigation and Supervision Branch along with the presentence assessment responsibility.
20. Amended page 25 to give the Paroling Authority complete authority to furnish cash and clothing to committed persons and provide that the right to cash and clothing applies only to those persons committed for more than one year. According to the Paroling Authority, these changes will allow the Authority to disburse monies on a timely basis by eliminating an unnecessary processing step and will preclude the disbursement of monies to probation felons or misdemeanants serving sentences of one year or less.
21. Replaced all references on pages 25-26 to Hansen's disease with communicable disease and provided for the placement of a committed person suffering from a communicable disease in a facility designated by the Director of Health until discharged under the communicable disease chapter. According to the Department of Health, the Hansen's disease provisions are no longer medically necessary; however, provisions dealing with communicable diseases in general might help to control such conditions in the prison population.
22. Deleted from page 27 the section requiring participation of committed persons in education, training, or work programs for at least 48 hours a week. This requirement may not be appropriate until such time that the Department has acquired adequate facilities or developed programs to comply with this requirement.
23. On page 30, added a provision in section 353-21 to require that, after the committed person's death, the funds first be used to satisfy any restitution order or reimbursements to the State that the Director has determined to be owing by the committed person.
24. On page 33, amended section 353-28 to require that any funds accumulated and placed into the committed person's individual account be under the control and management of the Director.
25. Amended the title of the new part at the bottom of page 34 to add restitution.
26. On pages 34-35, amended section 353- to establish the Probation and Supervision Branch and to provide for field offices. Also added a provision that the probation functions exercised by the courts are to be transferred no earlier than July 1, 1988.
27. Clarified on page 36 that the Probation office case records referred to are those pertaining to adults only. Added a provision for the authorized release of presentence reports since the Probation Investigation and Supervision Branch will be responsible for presentence assessments.
28. Added a new section 353- establishing a Restitution and Community Services Branch within the Probation and Parole Services Division.

29. Amended section 353- on page 37 establishing parole offices to change the designation to Parole Investigation and Supervision Branch. Added requirement that the Branch adhere to the rules, policies, and directions of the Paroling Authority with respect to levels of supervision, and maintenance of records, and other requirements necessary to ensure that the conditions of parole are being met. Deletes reference to supervision of juveniles since juvenile parole functions will remain with the Office of Juvenile Parole and the Hawaii Youth Correctional Facility.
30. Amended section 353-62(a)(6) on pages 39-40 to provide for revocation or suspension of parole when in the opinion of the Paroling Authority a violation presents a risk to the community or a significant deviation from conditions of parole.
31. On pages 42-48 changed the Correctional Industries Division to a branch and deleted all provisions relating to divisional status.
32. Amended page 51 to change the term "political subdivisions" in the title of section 354-3 to "counties" to be consistent with other changes to Chapter 354 made in this bill. Made a similar amendment to page 54 at the end of section 354-7.
33. Amended page 52 by adding a provision at the end of section 354-3 requiring the Department of Corrections to employ inmate labor for the maintenance and construction of state correctional facilities unless inmate labor is unavailable or the inmate labor force does not possess necessary technical skills.
34. Deleted from page 58, amendments to section 571-2 regarding the family court law relating to juvenile probation since juvenile probation will not be transferred to the Department of Corrections.
35. Deleted from pages 65-70 the amendments to the family court law regarding juvenile detention since this function will not be transferred to the Department of Corrections.
36. Deleted from pages 70-71 the amendment to the law providing for family court appointment of juvenile probation officers and detention home personnel.
37. Deleted from page 75 the amendment to the Hawaii Criminal Justice Data Center law requiring coordination with the Department of Corrections. The amendment is no longer necessary since the data center is being transferred to the Department of Corrections. The language requiring coordination with the Intake Service Center Office of Correctional Information and Statistics was left intact since there will still be a need for such coordination even though both entities will be within the Department of Corrections.
38. Added a new Section 14 to the bill which provides for general transfer language that was omitted in the original bill. Also added a provision for the transfer of seventeen general administration positions from the Department of Social Services and Housing to the Department of Corrections. The provision for the transfer of these seventeen positions was adopted from the administration bill, S.B. No. 1719.
39. Provided in the new Section 14 of the bill that the functions of the Hawaii Criminal Justice Commission and the Judiciary relating to the transportation of defendants under the care and custody of a correctional facility for required court appearances be transferred to the Department of Corrections and added a proviso specifying that certain positions under the Hawaii Paroling Authority will remain with the Authority and not be transferred to the new Parole Investigation and Supervision Branch.
40. Deleted from page 77 Section 15 of the bill which requires all appropriations related to corrections for the fiscal biennium 1987-1989 be transferred to the Department of Corrections. As pointed out by the Department of Health, this provision is too general. Moreover, there already is an appropriate appropriations transfer provision in Section 14.
41. Added to the appropriation section the sums of \$320,000 for fiscal year 1987-1988 and \$180,000 for fiscal year 1988-1989.
42. Provided in the new Section 14 of the bill that the Hawaii Criminal Justice Commission shall be administratively attached to the Department of Corrections rather than the Office of the Lieutenant Governor.
43. Renumbered the Sections of the bill in accordance with the above deletions and additions.

44. The bill has been further amended for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 5, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 5, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 86 Government Operations on S.B. No. 980

The purpose of this bill is to establish a self-sufficient revolving fund for the maintenance of State telecommunications sites and equipment.

The State has telecommunication equipment at various sites at which other government agencies and some business organizations also locate their equipment. Testimony from the department of accounting and general services indicated that maintenance at these sites is now done by the users in a haphazard manner.

This bill contemplates that all users will enter into a formal agreement to share the costs of maintenance. All funds collected will be deposited into the revolving fund established by the bill and all maintenance expenses paid from the fund.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 980 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. 87 Government Operations on S.B. No. 1700

The purpose of this bill is to appropriate out of the general revenues of the State of Hawaii an unspecified sum in fiscal year 1987-1988, for plans for a windward civic center.

Your Committee amended the bill to appropriate \$2,000,000 and substitute "land acquisition" and design for the "plans" proposed in the original language.

Your Committee also amended the bill by changing the years in which the money would be appropriated from fiscal year 1987-1988 to the fiscal biennium 1987-1989.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1700 as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1700, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 88 Legislative Management on S.B. No. 1481

The purpose of this bill is to establish a Legislative Office of Science, Economic Analysis and Technology.

The office would provide the Legislature with the following:

- 1) Comprehensive and professional analytical services in the field of science, economics and technology;
- 2) Research and analysis on specific programs and problems;
- 3) Analysis of the scientific, economic and technological impact of any legislation;
- 4) Analysis initiated by the office on any program or problem relating to science, economics and technology; and
- 5) An annual report on its findings and recommendations for the improvement of Hawaii's economy, physical environment and scientific and technological capability.

The office would be administered by a director appointed by a majority vote of each house in joint session. The office staff would be appointed by the Director.

It is the finding of your Committee that Chapter 23, Part II, Hawaii Revised Statutes, which authorizes a legislative scientific advisory committee, and Part III, which authorizes a legislative economic advisory council, have been ineffective and counterproductive and are therefore repealed by this bill. Since their enactment, neither the legislative scientific advisory committee nor the legislative economic advisory council has been established. Requisite information required by the Legislature has been procured on an ad hoc basis from the University of Hawaii and other learned members of the community.

Although the final authority on matters of scientific, economic or technological nature undoubtedly lies with those individuals in the community who specialize in those fields, your Committee finds that the informal nature of an ad hoc procurement impedes the expeditious flow of information necessary for the optimum operation of the Legislature.

Therefore, it is the finding of your Committee that there is a need to provide the Legislature with the necessary resources to aid them in making judicious decisions on legislation involving scientific, economic and technical matters, and that ready access to such information is vital to the proper functioning of the legislative process.

The establishment of an office of science, economic analysis and technology would afford a more efficient conduit of information due to the full-time, active involvement of a director and support staff on a compensatory basis.

Your Committee on Legislative Management is in accord with the intent and purpose of S.B. No. 1481 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. 89 Public Utilities on S.B. No. 120

The purpose of this bill is to transfer the offense of refusing to yield a party line during an emergency from Chapter 275, Hawaii Revised Statutes (HRS), relating to liabilities and offenses connected with telephones, wire communications, and cable television systems, to Chapter 710, HRS, the penal code.

The Hawaiian Telephone Company testified that this bill will help clarify that the refusal to yield a party line during an emergency is in fact a criminal offense by placing this offense in the penal code.

Your Committee on Public Utilities is in accord with the intent and purpose of S.B. No. 120 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 90 (Joint) Business Development and Pacific Relations and Public Utilities on S.B. No. 318

The purpose of this bill is to allow the Hawaii Community Development Authority (HCDA) to establish, through the adoption of administrative rules, the cost allocation of public utility improvements constructed in the Kakaako Improvement Districts.

This bill clarifies the jurisdiction of the HCDA in any removal, relocation, reconstruction, or replacement of public utility facilities deemed necessary as part of a district wide improvement program. The determinations shall be made with consideration of the cost allocation policies for improvement districts established by the city and county.

Your Committees find that the proposed amendment clarifies existing law and does not expand the powers of HCDA as established in Chapter 206E, Hawaii Revised Statutes.

Your Committees have amended the bill by making technical changes which have no substantive effect.

Your Committees on Business Development and Pacific Relations and Public Utilities are in accord with the intent and purpose of S.B. No. 318, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 318, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees.

SCRep. 91 Higher Education on S.B. No. 1237

The purpose of this bill is to appropriate \$39,000 to fund an interpreter training program at the community college level.

Your Committee finds that persons who use sign language to communicate with the hearing impaired are either "signers" or "interpreters." Signers are those who have taken a few sign language courses, whereas interpreters are not only required to communicate with the deaf, but also adhere to a strict code of ethics. Interpreters are usually instructed in professional standards of confidentiality, accuracy of interpretation, impartiality, discretion regarding skill level, and decorum.

There is a demand for interpreters in our community. Hearing impaired persons often need sign language interpreters to help them communicate with hearing persons in a variety of government situations—schools, rehabilitation, employment, health services, etc. There are only approximately twenty fully certified sign language interpreters in Hawaii, of which only three are interpreting full-time. Interested persons must travel to the mainland in order to complete a training program. This bill would allow the community colleges to activate an interpreter training program here in Hawaii to meet the need for interpreter training without regard to the minimum enrollment requirements of the Community College System. This bill would fund one interpreter instructor/program coordinator and provide a limited amount of money for operating expenses.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1237 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. 92 Higher Education on S.B. No. 1423

The purpose of this bill is to appropriate \$300,000 for the ROTC program at the University of Hawaii at Manoa.

On April 28, 1986, fire destroyed three buildings, books, supplies, records and memorabilia (dating back to 1917) of the ROTC program. Because the University of Hawaii did not have adequate funds to replace the losses, the facilities destroyed could not be replaced. As short-term emergency measures, offices and classroom spaces were made available from existing facilities. The existing emergency space however, is inadequate to sustain a quality program on a long-term basis.

This appropriation is to provide the capability to plan, acquire, construct, equip and renovate, as necessary, adequate facilities to conduct a quality ROTC program at the University of Hawaii.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1423 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. 93 Higher Education on S.B. No. 882

The purpose of this bill is to allow the revolving fund for the seed distribution program administered by the College of Tropical Agriculture and Human Resources to retain moneys in excess of \$35,000.

Under present law, any moneys in the seed distribution revolving fund in excess of \$35,000 is remitted to the state general fund at the end of each fiscal year.

This bill repeals the maximum \$35,000 limit in the fund at the end of each fiscal year and would allow the fund to retain all proceeds generated from the sale of seeds.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 882 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. 94 Higher Education on S.B. No. 1545

The purpose of this bill is to amend the laws of Hawaii relating to the University of Hawaii.

Your Committee has amended this short form bill to authorize the issuance of general obligation bonds to finance part of the relocation of the College of Tropical Agriculture and Human Resources of the University of Hawaii from the Manoa to the Hilo campus.

The appropriation provided by this bill was previously part of S.B. No. 1228 which also relates to the relocation. Since the construction requirements of this bill necessitate the issuance of bonds, it was removed from S.B. No. 1228 which is funded by general fund revenues.

This bill would provide the funds necessary to convert a wing of Komohana Center into a research facility and to construct a fourth wing and greenhouses to provide research facilities for the UH-Hilo faculty and students.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1545, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1545, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 95 Higher Education on S.B. No. 1228

The purpose of this bill is to initiate the relocation of the college of tropical agriculture and human resources of the University of Hawaii from the Manoa campus to the Hilo campus.

Your Committee finds that the UH-Hilo campus is well suited to accommodate the tropical agriculture program because:

- 1) The UH-Hilo campus has the undergraduate agriculture infrastructure with expansion capabilities;
- 2) No major changes are necessary for the UH-Hilo long range development plans to absorb the Manoa program;
- 3) The UH-Hilo campus has the core undergraduate program to accommodate Manoa's undergraduate program;
- 4) Existing UH-Hilo undergraduate curricula are established; and
- 5) The future of agriculture is on the island of Hawaii.

This bill represents the initial stage of several stages necessary to complete the relocation. The bill provides statutory authorization for the relocation, an action plan, authorization to transfer various functions of the program, and funding authorization which is provided through the UH budget.

Your Committee has amended the bill by deleting paragraph (c) of section 3 of the bill which will be part of a separate bill on capital improvement projects, specifying that funds referred to in paragraph (d) of section 3 of the bill as received shall be for technicians, equipment and operating the converted research wing and fourth wing of Komohana Center, and adding a provision for the establishment of a task force in section 2.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1228, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1228, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 96 Military and Civil Defense on S.B. No. 1223

The purpose of this bill is to establish a category of specialty license plates for residents of Hawaii who are or have been members of the Armed Services.

These license plates would honor active members of the Hawaii National Guard and any branch of the Armed Services, former prisoners of war, and Pearl Harbor survivors since the license plates would contain a special designation which would serve as a reminder to the people of this State and Nation how these people have served our country.

Your Committee has amended the bill to delete reference to "National Guard" and "U.S. Reserve". Your Committee finds that it would be difficult to retrieve these plates once these individuals leave service. Your Committee has further amended the bill to include "Medal of Honor" recipients, and has provided for a new section under Chapter 249 that would allow for these special license plates in lieu of the customary number plates. The new section also eliminates the size requirements for the numbers in order to allow more flexibility to accommodate the special designations.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 1223, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1223, S.D. 1, and be referred to the Committee on Transportation.

Signed by all members of the Committee.

SCRep. 97 Military and Civil Defense on S.B. No. 1209

The purpose of this bill is to appropriate funds for the acquisition of property for the establishment of a State veterans cemetery on Oahu.

Your Committee finds that the National Memorial Cemetery of the Pacific, Punchbowl, is the only national cemetery for the Pacific Region and is reaching its capacity for body burials. Under Federal administration policy, no new national cemeteries will be authorized in Hawaii, instead, existing regional cemeteries will be used for future burials of veterans and descendants. This bill will enable the State to acquire land necessary for the establishment of a State veterans cemetery.

Your Committee has amended the bill to provide that the funds appropriated for the acquisition of land for the establishment of a State veterans cemetery include a veterans public memorial. Your Committee has further amended this bill to make nonsubstantive changes for the purpose of conformance with recommended drafting style and to correct the spelling of the word "cemetery" in the title and body of the bill.

Your Committee on Military and Civil Defense 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. No. 1209, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 98 Military and Civil Defense on S.B. No. 1089

The purpose of this bill is to appropriate funds for the repair of the storm windows at the Kapaa Armory, Kapaa, Kauai, provided that \$5,000 shall be used for consulting and design, and \$45,000 shall be used for construction and replacement of the windows.

The Adjutant General of the State of Hawaii testified that the budget of the department of defense only provides for special repair and maintenance projects which are supported by Federal matching dollars. Any special repair and maintenance armory projects requiring total State funding are being deferred until sufficient State funds become available.

The Kapaa Armory repair and replacement of windows project does not qualify for Federal matching funds, and therefore was not included in the department's budget. The department of defense supports the intent of this appropriation, as long as the project does not replace any of the department's priority projects.

Your Committee on Military and Civil Defense 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. 99 Military and Civil Defense on S.B. No. 1361

The purpose of this bill is to appropriate funds for the purchase of the "Integrated Emergency Management Information System" software program and compatible computer hardware for the State Civil Defense.

The Adjutant General of the State of Hawaii testified that the rapid increase in population density in and around the growing number of areas vulnerable to large-scale natural and technological hazards has made planning and implementing mass evacuations one of the most complex problems facing our emergency planners today. Tsunamis, hurricanes, nuclear power

plant accidents, hazardous materials spills, and other large-scale regional hazards can trigger an emergency relocation of vulnerable residents at rates and volumes that will drastically overload the State's roadway networks, public transportation, public shelters, and host medical facilities.

In response to this growing problem throughout the nation the Federal Emergency Management Agency has developed a comprehensive software program called the "Integrated Emergency Management Information System" (IEMIS) which is made available to the states. This system is designed for emergency planning, exercising and disaster response.

This bill will provide the State Civil Defense the means to obtain the proper hardware to run the software system. Once the system is in operation at the State's emergency operating center, the counties will be able to access the information. Ultimately it is the County civil defense agencies who would utilize the system as "first-responders" in any disaster situation.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 1361 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. 100 Culture, Arts and Historic Preservation on S.B. No. 1694

The purpose of this bill is to appropriate up to \$250,000, to the Bishop Museum for campus safety and security improvements.

Your Committee heard supporting testimony from the State Foundation on Culture and the Arts and the Bishop Museum and finds that the Bishop Museum is a major cultural resource in our State which conducts a variety of programs and activities for the public. These programs have increased traffic from both local residents and tourists which in turn generates the need for increased campus safety and security.

Your Committee further finds that current funding is for programs only and this appropriation would enable the Bishop Museum to address the needs for campus safety and security improvements which is consistent with the declared policy of the Legislature to provide for public safety, and is therefore in the public interest.

Your Committee has amended the bill by stipulating that \$10,000 from the total appropriation amount be expended by the State foundation on culture and the arts for developing a master plan for Waipio Valley. It may be of future interest to the State to acquire the lands owned by Bishop Museum in Waipio Valley.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1694, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1694, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 101 Culture, Arts and Historic Preservation on S.B. No. 1767

The purpose of this bill is to appropriate funds out of the general revenues for fellowships to artists selected by the State Foundation on Culture and the Arts in fiscal years 1987-1988 and 1988-1989.

The State Foundation on Culture and the Arts (SFCA) is seeking to provide a means to assist and support the many promising serious artists in our community to further develop their professional talents.

Your Committee heard supporting testimony from a dedicated artist who has made sacrifices, due to the high cost of living in Hawaii, while pursuing her interest in fine art. Her creativity has been hampered through her struggles.

Your Committee finds that currently there is no direct funding support to the committed artists and it further finds that this appropriation would enable the SFCA to establish a long needed program.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1767 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. 102 Culture, Arts and Historic Preservation on S.B. No. 1183

The purpose of this bill is to create an executive director position to the King Kamehameha Celebration Commission and to reduce the number of members on the commission.

Currently the Commission does not have any full-time staff and the only available staff is a part-time emergency hire clerical position. As a result, responsibility for administration and organization of events sponsored by the Commission has fallen to the Chairperson. This has placed a heavy burden on the Chairperson and hampers the ability of the Commission to effectively accomplish its purpose.

The Department of Accounting and General Services testified that the Commission can greatly enhance its capability to fulfill its mission through the creation of an executive director's position.

Your Committee also received testimony from the current Chairperson of the Commission, the immediate past Chairperson of the Commission and the member from the Kamehameha Schools Alumni Association in support of this bill. These members, past and present, voiced their concerns on the requirement for representation of each major island on the Commission. They believe that commitment to the goals of the Commission should be the basis for selection rather than residence on a particular island and, therefore, support the proposed amendment to reduce the membership of the Commission and eliminate required representation from each island.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.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.

SCRep. 103 Culture, Arts and Historic Preservation on S.B. No. 643

The purpose of this bill is to appropriate \$50,000 for the fiscal biennium 1987-1989 for a full-time construction coordinator position at the Waipahu Cultural Garden Park (Park).

The Park is maintained by the Department of Parks and Recreation of the City and County of Honolulu. The Friends of Waipahu Cultural Garden Park (Friends) administers a multi-faceted educational program relating to the early plantations.

The Friends, under an agreement with the City and County of Honolulu dated October 18, 1985, plan to construct an envisioned Plantation Village.

Your Committee finds that this appropriation would enable the Friends to expand the physical facilities of the museum to create Plantation Village.

Your Committee on Culture, Arts, and Historic Preservation is in accord with the intent and purpose of S.B. No. 643 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. 104 Culture, Arts and Historic Preservation on S.B. No. 1346

The purpose of this bill is to appropriate funds for the continued refurbishment of the Hawaii Theatre, provided that the theatre be designated as the Hawaii State Theatre and used for the promotion of culture and the arts in Hawaii.

Your Committee received favorable testimony from the Honolulu Symphony and the Hawaii Theatre Center, a non-profit organization which hopes to restore the historic Hawaii Theatre to become an outstanding cultural and entertainment center for the people of Honolulu. The restoration of the Hawaii Theatre will provide island audiences a variety and quality of entertainment previously not available.

Presently there is a need for a mid-size theatre in Hawaii. Most of the theatres available in Hawaii are in the 500-700 seat range, with only the Blaisdell Concert Hall being able to accommodate up to 2,158 patrons. The restoration of the Hawaii Theatre will raise the seating capacity from 664 seats to 1,496. This bill will complement the restoration efforts by enlarging the stage area and orchestra pit in order to accommodate a full symphony orchestra performance.

Your Committee has amended the bill to provide for an appropriation of \$50,000 for the proposed enlargement of the stage area and orchestra pit.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1346, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1346, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 105 Housing, Hawaiian Programs and Natural Resources on S.B. No. 668

The purpose of this bill is to make an appropriation of \$100,000 to the Oahu Self-Help Housing Corporation (OSHHC) for personnel expenses and subcontracting services. The sum appropriated shall be expended by the Department of Social Services and Housing.

This appropriation would enable OSHHC to assist qualifying low-moderate income families to own and build their homes while decreasing their monthly expenses for rent by one-third to one-half. Currently OSHHC has a waiting list of over 400 on Oahu alone. Your Committee finds that this bill will continue to provide a viable alternative for producing quality affordable housing.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 668 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. 106 Housing, Hawaiian Programs and Natural Resources on S.B. No. 1355

The purpose of this bill is to appropriate \$100,000 for fiscal year 1987-1988 for the production by Hawaii Public Television of a television documentary to be aired in conjunction with the "Year of the Hawaiian".

Your Committee heard supporting testimony from the Department of Commerce and Consumer Affairs, and finds that this appropriation would enable the Hawaii Public Television to complete a six part series on the "Year of the Hawaiian" and broadcast the program within the actual year. Your Committee further finds that such a series would benefit the State by providing its people and others with a perspective of the historical and societal development of Hawaiian culture.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 1355 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. 107 Housing, Hawaiian Programs and Natural Resources on S.B. No. 1380

The purpose of this bill is to appropriate \$50,000 for a grant-in-aid to Neighborhood Housing Services, Inc. for fiscal year 1987-1988.

Neighborhood Housing Services, Inc. (NHS) is an affiliate of the Neighborhood Reinvestment Corporation, a congressionally chartered, public nonprofit corporation whose mission is to assist local communities in revitalizing declining neighborhoods for the benefit of current residents.

The first project site is the Kalihi-Palama-Liliha neighborhood and services will include financial counseling, low-interest loans, monitoring of construction work and the sponsoring of community activities.

Upon consideration of the testimony received, your Committee has amended the bill by making the funding available for the fiscal biennium 1987-1989 rather than fiscal year 1987-1988, increasing the appropriation amount to \$100,000 and changing the expending agency to the Hawaii Housing Authority.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 1380, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1380, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 108 Housing, Hawaiian Programs and Natural Resources on S.B. No. 702

The purpose of this bill is to appropriate funds to the Office of Hawaiian Affairs (OHA) to bring to the Aloha Stadium, 55,000 Hawaiians and native Hawaiians for the purpose of community outreach and awareness as an appropriate climax to the year's celebration of being Hawaiian.

Your Committee heard testimony against the bill from representatives of the Hawaiian Political Action Council of Hawaii (HPACH) which questioned whether the spending of \$200,000 for an event at Aloha Stadium contributes to better the conditions of Native Hawaiian and Hawaiian people.

Your Committee appreciates the sentiments expressed by HPACH but believes that the contemplated event will serve to raise the consciousness of Hawaiians as to the value of the Hawaiian culture and people and strengthen their resolve to work together for the betterment of the condition of Native Hawaiians and Hawaiians. However, your Committee has decided that the appropriation should be reduced and has amended the bill to provide an appropriation of \$100,000. The bill has also been amended by making language changes for the purpose of style.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 702, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 702, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 109 Housing, Hawaiian Programs and Natural Resources on S.B. No. 1312

The purpose of this bill is to appropriate \$5,000,000 for fiscal year 1987-1988 to increase the Rental Assistance Revolving Fund to provide housing for low income persons.

The State's rental assistance program provides subsidies to qualified owners of rental projects for a minimum period of ten years for all or a portion of the units in an eligible rental project thereby making affordable rental units available to low and moderate income residents.

Your Committee has adopted the recommendations of the Hawaii Housing Authority by amending section 1 of the bill to read as follows:

"There is appropriated out of the general revenues of the State of Hawaii the sum of \$5,000,000, or so much thereof as may be necessary for fiscal year 1987-1988, to be paid into the Rental Assistance Revolving Fund created by Section 356-303, Hawaii Revised Statutes."

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 1312, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1312, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 110 Housing, Hawaiian Programs and Natural Resources on S.B. No. 1106

The purpose of this bill is to appropriate \$500,000 for fiscal year 1987-1988 for the construction of homes in Milolii, Hawaii.

Your Committee heard supporting testimony from the Hawaii Housing Authority, and residents of Milolii, and finds that this appropriation would enable the community to obtain an adequate standard of living through the construction of needed homes.

Your Committee has amended the bill by making a technical change which has no substantive effect.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 1106, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1106, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 111 Tourism and Recreation on S.B. No. 1274

The purpose of this bill is to establish a Governor's Ocean Resources Tourism Development Task Force to study how the natural beauty of Hawaii's coastal areas, beaches, and near-shore ocean waters might be preserved, restored, or enhanced for the promotion and development of the ocean recreation and tourism industries.

The Task Force would consist of three members selected by the Governor from the Department of Planning and Economic Development's Ocean Resources Office, the Department of Land and Natural Resources, and the Hawaii Visitors Bureau, and would submit recommendations to the Legislature prior to the 1988 and 1989 Regular Sessions. An appropriation of \$20,000 is included in the bill to be expended by the Task Force to carry out the two-year project.

Your Committee received supporting testimony from the Department of Oceanography, University of Hawaii at Manoa, and Mike Markrich, a newspaper columnist and marine economist, and finds that the natural beauty and attraction of Hawaii's coastal areas, beaches, and near-shore ocean waters is vital to the State's visitor industry and the economy in general. Your Committee also finds that increased usage of these resources without proper coordination and planning may result in their diminishing value as visitor attractions. This measure would prepare a means by which the agencies responsible for overseeing, protecting, and promoting our ocean resources may work with other interested groups to develop eco-tourism policies which would benefit all of the people and our economy.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 1274 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. 112 Transportation on Gov. Msg. No. 96

Recommending that the Senate advise and consent to the nomination of EDWARD Y. HIRATA as Director of Transportation, for a term ending December 3, 1990.

Signed by all members of the Committee.

SCRep. 113 Transportation on S.B. No. 416

The purpose of this bill is to further define the location for placement of movable signs so traffic safety may be ensured.

Movable signs are any portable device, display, emblem, billboard, notice, picture, painting or writing, other than official signs placed or required by the State or county.

Your Committee has determined that movable signs distract motorists' attention from the roadway and are a threat to the safety of pedestrians, motorists, and the persons holding these movable signs. In addition, such signs also contribute to a slowdown of vehicular and pedestrian traffic.

Your Committee received testimony from the police department of the City and County of Honolulu, the State department of transportation, and individuals in support of this bill.

After considering the testimony presented, your Committee made the following amendments:

- (1) Amend Section 291C-77(c)(4) to read:
"Constitute an impediment to free traffic flow at an intersection; or" and
- (2) Amend Section 291C-77(c)(5) pursuant to the department of transportation's recommendations:
"Be within the median of any divided highway."

Your Committee believes that these amendments will not unreasonably infringe upon the exercise of free speech and expression.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 416, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 416, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 114 Transportation on S.B. No. 56

The purpose of this bill is to repeal Section 235-15, Hawaii Revised Statutes, which provides tax credits to promote the purchase of child passenger restraint systems.

Your Committee did not receive any testimony in support of this bill. Your Committee believes that a tax credit for child passenger restraint systems should continue to be provided as long as use of child passenger restraints is mandated by law. However, such a credit should reflect the actual cost of a restraint system up to but not exceeding \$25. Presently, even if the restraint seat only costs \$20, the taxpayer can receive a credit of \$25. Therefore, your Committee has amended this bill to remedy this situation.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 56, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 56, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 115 Transportation on S.B. No. 161

The purpose of this bill is to strengthen the driving under the influence of liquor laws for repeat offenders.

This bill requires a police officer to take the license or permit of an individual who is being arrested for driving under the influence of intoxicating liquor and refuses to take a breath or blood test, and has a prior conviction of driving under the influence of intoxicating liquor. The license would be kept by the arresting officer until presented to the judge at the hearing provided for under Section 286-156. Disposition of the license or permit at that time will be left to the discretion of the preceding district judge.

Testimony in support of the bill was received from the department of health and Mothers Against Drunk Driving.

Your Committee finds that 90 percent of drivers arrested for driving under the influence of intoxicating liquor for a second time are problem drinkers. This bill will improve traffic safety by taking problem drinkers arrested for the second time off Hawaii's highways and roads until they can be referred to a district judge.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 161 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 116 Transportation on S.B. No. 486

The purpose of this bill is to provide that any person who causes the death of, or serious bodily injury to another person while driving under the influence of intoxicating liquor shall be guilty of a class C felony.

Testimony in support of the bill was given by the department of transportation, police department of the City and County of Honolulu, department of the prosecuting attorney for the City and County of Honolulu, and Mothers Against Drunk Driving.

The Honolulu police department testified that existing criminal law is inadequate since a drunk driver who injures someone cannot be criminally charged with a more serious offense than one who is arrested for driving under the influence of intoxicating liquor without a mishap. This bill will correct the inadequacy by providing more serious sanctions for those drunk drivers who cause the death or injury of another person. The bill also provides for increased penalties for repeat offenders.

Your Committee has amended the bill by making technical changes which have no substantive effect.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 486, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 486, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 117 Transportation on S.B. No. 676

The purpose of this bill is to authorize the issuance of general obligation bonds to provide funding for incremental improvements to the Saddle Road on the island of Hawaii.

Your Committee has amended this bill to specify \$3,000,000 as the appropriated sum. This would be the first increment of a phase-in that would extend over three fiscal biennia. The Department of Transportation (DOT) has estimated that \$9 million dollars will be needed over the life of the project. This amount will not bring the road to Federal primary standard, but will allow major safety and alignment improvements.

Future sustained growth and economic well-being of the entire island of Hawaii has been linked to improvements to Saddle Road. Furthermore, the importance of improvements to this road has already been acknowledged by the DOT, the County of Hawaii, and the people of Hawaii.

Therefore your Committee feels that this appropriation is necessary at this time.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 676, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 676, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 118 Transportation on S.B. No. 706

The purpose of this bill is to authorize the issuance of general obligation bonds to provide State matching funds for the improvement of the Kamehameha Highway from Ka Uka Boulevard to the mauka boundary of the Waikele Development.

Your Committee received testimony from the City and County of Honolulu that improvements to this section of Kamehameha Highway are necessary due to increased residential development in the area.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 706, 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. 119 Transportation on S.B. No. 738

The purpose of this bill is to clarify that maintenance of highways providing vehicular access, which are not included in the state highway system, are the responsibility of the counties, even though title is vested in the State. This bill also provides funding for minimum in-kind maintenance of these highways and relieves the counties of any tort liabilities from the maintenance of these highways.

Presently, the counties are responsible for administering certain roads, even though the title to some of these roads lies with the State. This situation has created confusion as to whether the State or the county has final legal or financial responsibility for these roads. This bill clarifies the responsibility of the counties with respect to highways, irrespective of title ownership, and provides the counties with financial assistance from the State to maintain these highways.

Your Committee has amended this bill by deleting the paragraph which indemnifies the counties against any tort liabilities resulting from the maintenance of these highways. Your Committee believes that if the counties receive financial assistance from the State, the counties should be accountable for the maintenance of the highways. Your Committee has further amended the bill to require that the funds appropriated be matched by the counties.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 738, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 738, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 120 Transportation on S.B. No. 871

The purpose of this bill is to have the cost of the fourteen-hour minimum alcohol abuse rehabilitation program be paid by persons convicted of driving under the influence of intoxicating liquor, unless they are indigent.

Testimony offered from the State department of judiciary reveals that the program costs \$150.00 a client. During the fiscal year 1985-1986, there were 4,309 individuals who completed the program thus costing the department \$646,350. These monies are currently derived through the judiciary's division of driver education, a special funded program. Your Committee finds that those individuals convicted of driving under the influence of intoxicating liquor should pay the cost of the services required for them due to their own actions. The availability of these additional funds would allow the division to achieve its goal of self-sufficiency. If no action is taken the fund will be in a deficit by 1990 at its current rate of expenditure.

Testimony in support of this bill was also received from the department of the prosecuting attorney for the city and county of Honolulu and the State department of transportation.

Your Committee on Transportation is in accord with the intent and purpose of S.B. 871 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 121 Transportation on S.B. No. 1116

The purpose of this bill is to appropriate funds for the study, planning and demonstration of a traffic management alternative that would establish charges and credits to vehicle owners in relation to the use of these vehicles in a defined central city area during peak traffic hours.

The Department of Transportation and the Oahu Metropolitan Planning Organization have both testified in support of this bill. They have both suggested that the supply side of the traffic problems, that is the roadway infrastructure, is only one factor in the traffic equation. The demand side of the problem, that is, reducing the number of vehicles using the roadways, is just as important. This bill will provide economic incentives for motorists to explore alternatives to driving their own vehicles.

Your Committee has amended the bill to include \$34,000 as the appropriated sum.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1116, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1116, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 122 Transportation on S.B. No. 1261

The purpose of this bill is to appropriate funds for a grant-in-aid to the city and county of Honolulu to construct a sidewalk along the makai side of Waipahu Street between Waikele and Leowahine Streets.

The Waipahu Elementary School Parents and Teachers Association has conveyed to your Committee that children are walking on streets with unimproved shoulders. The Association has identified this problem as the most serious non-academic problem that the school needs to address.

Your Committee has not specified an amount to be appropriated and leaves this decision to the discretion of your Committee on Ways and Means.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1261 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. 123 Transportation on S.B. No. 1442

The purpose of this bill is to make the alcohol and highway safety provisions of chapter 286, part VII, Hawaii Revised Statutes (HRS), applicable to operators of mopeds and prohibit a person from consuming alcoholic beverages or possessing open alcoholic beverage containers while operating a moped.

Your Committee finds that mopeds are capable of speeds of up to 35 miles per hour and creating accidents with impacts severe enough to cause serious injury and even death to the operator and pedestrians. In addition, the potential for further serious accidents involving other motor vehicles is greater when an intoxicated moped operator is involved. Your Committee believes that driving a moped under the influence of intoxicating liquor imposes a threat to traffic safety.

Favorable testimony on this bill was presented by the Department of the Prosecuting Attorney and the Police Department of the City and County of Honolulu and the State Department of Transportation.

The Department of Transportation recommended that Section 291-4, HRS, be amended to make applicable to operators of mopeds the criminal sanctions for driving under the influence of intoxicating liquor. Your Committee agrees with the Department's recommendation, and has made the amendments.

Your Committee has also altered the bill by amending the relevant sections in Chapter 286, part VII, HRS. Under the bill, as received, the extent of the applicability of that part to operators of mopeds was not clear. The bill, as amended, expresses your Committee's intent more clearly.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1442, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1442, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 124 Transportation on S.B. No. 1748

The purpose of this bill is to increase the annual registration fees for those vessels covered under Section 267-11, Hawaii Revised Statutes.

Your Committee finds that the Department of Transportation has not raised these fees since 1977. Furthermore, your Committee is aware that the revenues collected under the current rate structure are inadequate to cover the expenses associated with administering the vessel registration program such that funds have been diverted from other boating programs to cover the deficits that have resulted.

The Federal Boat Safety Act of 1971 authorizes the State to establish vessel registration fees to cover the cost of administering the vessel registration program. This bill will provide the necessary increase in fees to cover these costs.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1748 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 Consumer Protection and Commerce on S.B. No. 808

The purpose of this bill was to establish a motor vehicle insurance fund to provide the mandatory minimum limits of motor vehicle no-fault and liability insurance to be funded by a gallonage tax on motor vehicle fuel, fees paid annually by owners of registered vehicles, and fees paid upon renewal of drivers' licenses.

In its consideration of this bill and a similar measure, S.B. No. 1335, your Committee heard opposing testimony from representatives of the insurance industry and the Department of Taxation. Opponents of the bill stated that the bill would result in a loss to the State in insurance premium tax revenues, unequal treatment of the driving public, and additional administrative burdens. Concerns were also expressed regarding the financial solvency of the proposed state fund.

Your Committee also heard testimony in favor of the bill from Mr. Alvin Shim, consumer, who indicated that the proposed system would mitigate or eliminate various problems associated with the present motor vehicle insurance system, including the high cost of motor vehicle insurance, uninsured motorists, the non-sharing of insurers' investment income, the delayed payment of claims, and the high cost of administering the system (retention).

Finally, your Committee heard testimony from the Insurance Commissioner and Mr. Robert Grantham of First Insurance Company suggesting that prior to the implementation of the legislation proposed in S.B. No. 808 and S.B. No. 1335, a feasibility study should be conducted to determine the cost effectiveness of a Hawaii Driver's Insurance Fund.

Your Committee is cognizant of the concerns expressed by the bill's opponents, yet, in view of the problems existing in the present system, finds that there is a need to evaluate and possibly develop more affordable and equitable alternatives to the present motor vehicle insurance system.

Your Committee has accordingly amended the bill by deleting the substance and replacing it with new provisions which authorize the Legislative Auditor's office to:

- (1) Assess the feasibility, in terms of costs and administration, of implementing S.B. No. 808 and S.B. No. 1335;
- (2) Assess the effect of retention on motor vehicle insurance premiums;
- (3) Determine whether the proposed system would be better administered by the State or by private insurance companies; and
- (4) Assess the feasibility of repealing the take-all-comers provision in the existing motor vehicle insurance laws.

Your Committee requests that the study include recommendations for reducing the amount of insurance premiums and dealing with the problem of uninsured motorists and, where appropriate, draft legislation. The study would be submitted to the legislature no less than twenty days prior to the convening of the 1988 legislative session.

Your Committee has further amended the bill by including an appropriation of \$100,000 to the Legislative Auditor's Office for the purposes of conducting the study.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 808, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 808, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 126 Consumer Protection and Commerce on S.B. No. 362

The purpose of this bill was to amend the Hawaii Business Corporation Act (Act 167, Session Laws of Hawaii 1983, as amended), the Hawaii Professional Corporation Act (Act 259, Session Laws of Hawaii 1985, as amended), and the Hawaii Nonprofit Corporation Act (Act 270, Session Laws of Hawaii 1985, as amended) to make changes necessary to ensure the effective implementation and enforcement of these Acts.

The bill would provide for correction of fee schedules, consolidation of filing requirements, clarification of name availability according to current standards, permitting reinstatement of involuntary corporate dissolutions, and many other technical changes necessary to allow the new corporation code to go into effect with the minimum impact on people filing papers with the Business Registration Division of the Department of Commerce and Consumer Affairs.

The Department has testified to your Committee that all of the statutory changes in this bill, as amended, are of a purely technical nature and in no way reflect any substantive law change. The Department has also testified that it considers it imperative for this technical change bill to be passed in the most expeditious manner possible in order for the local legal community, as well as the Business Registration Division, to prepare its final phase of implementation for these codes which include the preparation of new forms, rule changes, and notification of law firms and members of the public who file documents with the Division.

Your Committee has amended the bill by inserting language at the end of line 7, page 196, to the effect that a shareholder of a professional corporation may transfer shares to a revocable living or inter vivos trust if the shareholder retains unilateral right of revocation, is the sole beneficiary during his lifetime, and retains control in all matters related to the professional corporation or its shares. Also, minor technical changes were made which have no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 362, S.D. 1, as amended herein, and recommends it pass Second Reading in the form attached hereto as S.B. No. 362, S.D. 2, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 127 Labor and Employment on S.B. No. 1501

The purpose of this bill is to allow the Employees' Retirement System to pay for its administrative expenses from the System's investment earnings.

Under current law, the State's general fund appropriations to the System include funding for the System's administrative expenses.

This bill would allow the System to utilize a portion of its investment earnings subject to the approval of the Governor to pay for its administrative expenses thus eliminating the need for any general fund appropriation therefor.

Your Committee finds that of the other forty-nine state retirement systems, twenty-six of forty which responded to a survey conducted by the System currently have statutory authority to utilize their investment earnings to cover administrative expenses. Your Committee also finds that for fiscal year 1985-1986, the System's investment earnings amounted to \$325.9 million, of which \$138.7 million in excess earnings was used to reduce the employers' contribution to the System.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1501 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. 128 Labor and Employment on S.B. No. 1738

The purpose of this bill is to provide the Employees' Retirement System with more flexibility in making its investments.

Act 71, Session Laws of Hawaii, 1986 was intended to provide the System with increased investment flexibility. However, a subsequent opinion by the Attorney General raised questions concerning the efficacy of the intended flexibility as provided by the Act.

This bill provides the flexibility Act 71 originally intended, and remedies the deficiencies raised by the Attorney General. Briefly, the bill:

- 1) Increases the loan-to-value ratio of member home loans to eighty percent for all categories of mortgages to its members and will thus reduce the necessary downpayment and make it easier for members to obtain a mortgage loan through the System. The Member Home Loan Program was established in the early 1960s and the System as of this date, has not incurred any losses in this program.
- 2) Adds the words "or of any country in the Pacific Basin or Western Europe" on line 12, page 11, which allows the Board to increase its international investments.
- 3) Amends paragraph (9) on page 13 of the bill in order to authorize the System to make direct investments in real estate.
- 4) Adds "futures contracts" to paragraph (10) on pages 13 and 14 to specifically authorize the System to invest in options and futures contracts.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1738 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. 129 Labor and Employment on S.B. No. 1332

The purpose of this bill is to appropriate \$180,000 to Kauai Economic Opportunity (KEO) for the construction of a residence for the physically handicapped.

Your Committee received favorable testimony and finds that there is a serious need on Kauai for housing for the physically handicapped. This program would be administered by KEO. This bill would provide an opportunity for those who have been limited to institutions or isolated, inaccessible home environments, to live in a situation where they would be integrated into the community, leading more satisfying, productive lives. There is also an increasing population of teenagers who have disabilities who, within the next two years, will be requiring a more independent living situation, such as the housing facility proposed in this bill.

Physically handicapped residents would be provided the educational training, recreational and social activities that they deserve. Supervision would be provided by a houseparent who would also assist them with their daily personal needs.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1332 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. 130 Labor and Employment on S.B. No. 1500

The purpose of this bill is to provide the Board of Trustees of the Employees' Retirement System with more flexibility in establishing the investment yield rate and other factors for actuarial valuations of the System.

Currently, the Board has the responsibility of adopting the system's non-economic and economic assumptions based on the advice of an actuary with the exception of the investment yield rate. That rate is presently set by law at eight percent.

This bill would continue the investment yield rate for fiscal year 1987-1988 at eight percent, and beginning in fiscal year 1989, authorize the Board to establish the investment yield rate and other factors for actuarial valuations of the System.

Your Committee received favorable testimony from the Secretary of the System.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1500 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. 131 Labor and Employment on S.B. No. 1398

The purpose of this bill is to implement the recommendations made in the job evaluation study of selected state and county civil service job classes pursuant to Act 157, Session Laws of Hawaii 1986.

The purpose of Act 157 was to establish in the State a public policy to achieve an equitable relationship between the value of work performed by state and county civil service employees and their salary or wage schedules. To carry out this purpose, Act 157 authorized the hiring of a consultant to conduct a study and to make recommendations to the Legislature in 1987.

Your Committee finds that this bill which implements the salary adjustments recommended in the study will serve to provide an equitable relationship between the value of work performed by the state and county civil service employees and their salary or wage schedules.

Your Committee has amended the bill by:

- 1) Clarifying definitions to conform to the Job Evaluation Study;
- 2) Specifying the effective dates of the adjustments;
- 3) Clarifying the salary adjustments provided for employees under section 3 of the bill;
- 4) Designating \$1 million as the amount appropriated to accomplish the purposes of this bill; and
- 5) Making technical changes which have no substantive effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1398, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1398, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 132 Labor and Employment on S.B. No. 1673

The purpose of this bill is to include as class A (contributory) members in the Employees' Retirement System of the State of Hawaii, all directors, deputy directors and assistants to the department heads appointed by the Governor or by the respective mayors of each county.

Your Committee finds such appointees joining the state or county government after July 1, 1984 would automatically be enrolled in the class C (noncontributory) retirement plan and would

therefore be eligible for retirement benefits only upon having completed a minimum of ten years' service.

This bill proposes to amend Section 88-47, HRS, to provide that such appointees would be enrolled in the class A plan and would therefore have vesting rights after five years of service.

Your Committee finds the five-year vesting period is more appropriate for appointed cabinet members, particularly when the Governor may only serve a maximum of eight years. This provision will provide for equitable treatment upon retirement for those persons who have agreed to enter public service in an appointed capacity.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1673, 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. 133 Labor and Employment on S.B. No. 1239

The purpose of this bill is to appropriate \$54,628 to Hawaii County Economic Opportunity Council's (HCEOC) Dislocated Worker Program.

Although several years have passed since the mass layoff of Big Island workers at Puna Sugar Company and other related industries, and many of the laid off workers have found employment, there are several hundreds of people who are still unable to find employment or to adequately resolve the problems brought on by unemployment.

This bill would allow the continuation of the Dislocated Worker Program which addresses the needs of the former workers and families of Puna Sugar Company, Amfac Papaya Company, the Life Care Center, Hilo Coast Processing and Maunakea Agribusiness Company, and other persons unemployed due to lay-offs. The program provides outreach counseling services which include occupational training and social, educational, and medical services. The program also introduces the unemployed to private and public resources to alleviate some of the pressing problems caused by unemployment.

Your Committee has amended the bill by changing the fiscal years appropriated from 1988-1989 and 1989-1990, to 1987-1988 and 1988-1989. The effective date was also changed from "upon approval" to July 1, 1987.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1239, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1239, S.D. 1 and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 134 Labor and Employment on S.B. No. 405

The purpose of this bill is to allow the State Employees' Retirement System to invest in venture capital firms.

Your Committee amended the bill by deleting the entire content and inserting new material.

The amended purpose of this bill is to merge the post retirement fund with the annuity savings fund of the State Employees' Retirement System effective July 1, 1987.

Your Committee finds that due to the increasing number of noncontributory plan members, merging of the two funds would simplify both the accounting and the actuarial aspects of the State Employees' Retirement System.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 405, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 405, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 135 Labor and Employment on S.B. No. 1381

The purpose of this bill is to establish a job-sharing pilot program for all permanent, full-time positions of the State government other than positions subject to Section 297.12-5 and 312-7, Hawaii Revised Statutes, and Act 73, Session Laws of Hawaii 1986.

The bill establishes a new chapter to govern this job-sharing pilot project and provides for the following:

- (1) Provides procedures for determining guidelines for the announcement and selection of positions and employees;
- (2) Specifies employee benefits associated with the designated positions;
- (3) Maintains union membership in a designated bargaining unit for the permanent job-sharer;
- (4) Specifies provisions on handling of service credits, tenure and employment rights of the permanent job-sharer;
- (5) Clarifies the voluntary contractual nature and commitment of participants of the program.

Your Committee heard testimony from the Department of Personnel Services, Hawaii Government Employees Association, and the United Public Workers and finds that a job-sharing program is an innovative approach which affords interested employees the flexibility of maintaining a job and pursuing or accomplishing other projects or goals. The changing patterns of socio-economic needs and values and the comfortable standard of living enjoyed by many state employees dictate a diverse array of personal goals which may not be attained but for the opportunity to participate in job-sharing programs.

Based on the testimony presented, your Committee has amended the bill by limiting job-sharing to employees belonging to bargaining units 2, 3, 4, 8, and 13 and expanding it to include the Department of Education. Because it is highly improbable that the project can be implemented in two years, your Committee has further amended the bill by extending it to a four year project. Your Committee has also amended the bill by allowing each department the option of participating or not participating in the project and requiring each participating department and its director to not only consult, but reach agreement with representatives of the appropriate bargaining units regarding the adoption of guidelines for implementing the project.

Your Committee finds a job-sharing program would be beneficial to state agencies by providing new people with fresh and different ideas and approaches to accomplishing the prescribed job, as well as invigorating the attitude and morale of the permanent employee.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1381, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1381, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 136 Labor and Employment on S.B. No. 611

The purpose of this bill is to allow police officers to retire under a service-connected occupational disability in the event of incapacitation due to smoke inhalation and related injuries.

Act 152, Session Laws of Hawaii 1971, provided that in the case of firefighters and sewer workers, the effects of the inhalation of smoke, toxic gases, chemical fumes, and other toxic vapors on the heart, lungs, and respiratory system shall, for the purpose of determining occupational disability retirement, be construed as an injury received or disease contracted while in the performance of their duty as the result of some occupational hazard.

Police officers however, were inadvertently omitted from the benefits provided under Act 152. This bill would correct this unintentional error and afford police officers the same benefits as firefighters and sewer workers.

Your Committee heard testimony from the Honolulu Police Department, and finds that police officers are usually the first to arrive at the scene of emergencies and are often exposed to injury resulting from smoke inhalation, toxic gases, chemical fumes, and other toxic vapor. Your Committee finds that police files indicate that in the past ten years, sixty-one officers were decorated by the Chief of Police for entering burning buildings to save victims overcome by smoke inhalation, and exposing themselves to the same dangers encountered by fire-fighters. This bill would correct an inequity in the law at either minimal or no cost to the Employees' Retirement System.

Your Committee has made technical changes which have no substantive effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 611, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 611, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 137 Labor and Employment on S.B. No. 1236

The purpose of this bill is to appropriate \$85,300 to repair Hawaii County Economic Opportunity Council (HCEOC) and Kauai Economic Opportunity, Inc. (KEO) facilities so that their activities may be implemented in an environment that is sanitary and healthy as well as safe and pleasant for clients and workers.

Your Committee received testimony in support of this bill from the Hawaii County Economic Opportunity Council and finds that the state owned facilities are in need of repairs to remove health and safety hazards as well as to increase the useful lives of the facilities.

Your Committee has amended the bill by deleting reference to KEO and the appropriation thereto since KEO has received federal aid and does not require grant-in-aid assistance at this time.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1236, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1236, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 138 Planning and Environment on S.B. No. 211

The purpose of this bill is to establish a public intervenor to protect the public rights in water and natural resources in proceedings relating to certain conservation laws.

Your Committee received testimonies from the Legislative Coordinator of the Hawaii Chapter of the Sierra Club and the Director of Health. While both testimonies support the intent of the bill to protect the public rights in water and other resources, the Director of Health does not recommend passage of the bill. Testimony from the Sierra Club indicates that our natural resources need increased protection if we desire to accomplish the goal adopted in the State Plan of a desired physical environment. In addition, an outside view is needed as many of our State and local governments which deal with natural resources may have conflicting interests of being in charge of both the protection and development of those resources.

Your Committee on Planning and the Environment is in accord with the intent and purpose of S.B. No. 211 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. 139 Planning and Environment on S.B. No. 534

The purpose of this bill is to appropriate \$250,000 for fiscal year 1988-1989 for the establishment of a natural area reserve fund and heritage program fund provided that the funds shall only be made available to the extent of \$2 for every \$1 provided by private sources.

Presently, there is no comprehensive, accessible source of rare species and ecosystem data for Hawaii. The Hawaii Heritage Program is assembling and maintaining a computerized data base of this information to assist land use planning in our State and to facilitate the identification of natural areas deserving protection. With adequate support from public and private users, a mature Heritage data base will serve several key purposes to economic growth in the islands. The data base could be utilized to avoid natural resource conflicts and facilitate environmental review as well as contribute to cost-effective cooperation.

Your Committee also received testimony from the director of the department of land and natural resources proposing amendments which would define the heritage program in the bill.

Your Committee, upon consideration of this bill and the review of numerous testimonies, believes that the bill should include the definition of the "heritage program" and has amended the bill accordingly.

Your Committee has further amended the bill by making language and style changes to

clarify the intent of this measure and which do not alter the substance of the bill.

Your Committee on Planning and Environment 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. 140 Planning and Environment on S.B. No. 535

The purpose of this bill is to establish in the state treasury the natural area reserve fund and appropriate \$500,000 for fiscal year 1988-1989 for the development and implementation of natural area reserve management plans by the department of land and natural resources.

Presently, we are the beneficiaries of a fine reserve system, with 108,000 acres of state lands in 18 established reserves throughout the islands. However, most of these areas are now suffering from serious management problems which threaten to permanently destroy or degrade the resources we have been so fortunate to inherit. These problems grow more severe and expensive to contain with each year.

This bill will initiate urgently needed management actions and develop long term plans for sound stewardship of these resources. Furthermore, we will be taking a critical step in preserving our most endangered plants and animals for the benefit and enjoyment of future generations.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 535 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. 141 Planning and Environment on S.B. No. 536

The purpose of this bill is to increase the conveyance tax from five cents to eleven cents per one hundred dollars of consideration and to place the differential in a special separate "natural area reserve fund" to be used for the identification, acquisition, protection, operations, management, and maintenance of the natural area reserves systems of the State.

Presently, we are the beneficiaries of a fine reserve system, with 108,000 acres of state lands in 18 established reserves throughout the islands. These reserves protect thousands of unique Hawaiian plants and animals, provide ideal sites for research and outdoor education and, in many cases, guard vital watershed lands. However, most of these areas are now suffering from serious management problems which threaten to permanently destroy or degrade the resources we have been so fortunate to inherit. A program to protect what is uniquely ours will require vigilance and tenacity. In the future, Hawaiian plants and animals could very well provide the genetic secrets that will help us create more productive, disease resistant crops and much needed medicines. What is needed is an aggressive course of action, and a consistent and long-term source of funding to fuel such action.

Your Committee believes the increase in the conveyance tax is an appropriate funding mechanism for a "natural area reserve fund."

Upon consideration of the financial requirements to maintain the reserve fund and the underlying policy of the conveyance tax as a non-income generating function, your Committee has lowered the tax to seven cents.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 536, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 536, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 142 Planning and Environment on S.B. No. 671

The purpose of this bill is to appropriate \$55,000 of State funds to finance a portion of the operating costs of the statewide wastewater treatment plant operator training center.

Your Committee heard numerous supporting testimonies and finds that the training center would enhance personnel skills and knowledge which would improve operational ability and efficiency. In addition, the Director of the Department of Health recommended that a position

be established in the Department of Health to administer the statewide wastewater treatment operator training program at the training facility located at the Sand Island wastewater treatment plant site. The Director further indicated that the position should not be established under this Act without full county participation in the funding of the annual operating costs of the training center. The City and County of Honolulu, County of Hawaii, County of Kauai, and County of Maui must provide 76, 9, 6 and 9 percent of the non-state funded operating costs of the training center, respectively.

Your Committee adopted the recommendation of the Department of Health by amending the bill to include a full-time permanent position to administer the statewide training program with full county participation in the funding of the operating costs of the training center.

The purpose of the amendment to the bill is to enable the Department of Health to effectively implement the training center in their efforts to improve public health and the environment.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 671, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 671, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 143 Planning and Environment on S.B. No. 672

The purpose of this bill is to appropriate funds for fiscal year 1987-1988 to the Department of Health for the implementation of Title III of the Federal Superfund Amendments and Reauthorization Act of 1986.

This law places significant responsibilities on state and local agencies responsible for emergency planning, environmental and public health protection, and information management. A major provision of the Act requires governors to appoint a State Emergency Response Commission. The Commission must then designate emergency planning districts, appoint local emergency planning committees and supervise and coordinate their activities.

Your Committee heard supporting testimonies from the Department of Health, the Office of Environmental Quality Control and the Board of Water Supply.

Your Committee, upon consideration of this bill and the review of all testimonies, amended this bill as follows:

- 1) Inserted the dollar amount of \$150,000 to be appropriated for three positions for the establishment of the program; and
- 2) Added a section requiring the Department of Health to provide an annual report to the Legislature.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 672, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 672, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 144 Planning and Environment on S.B. No. 681

The purpose of this bill is to appropriate \$100,000 for fiscal year 1987-1988 for a pilot program for the safe disposal of hazardous agricultural pesticides.

Your Committee received numerous supporting testimonies and finds that there presently is a toxic waste disposal program funded by the Environmental Protection Agency but it is limited in scope and is unable to meet the needs of farmers and businesses which use large amounts of pesticides. A state-sponsored disposal program would help to resolve this problem and aid in preventing the contamination of ground water supplies.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 681 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. 145 Planning and Environment on S.B. No. 764

The purpose of this bill is to appropriate \$500,000 for fiscal years 1986-1987 and 1987-1988 for acquisition by eminent domain or negotiated purchase of the "ITT property" in Windward Oahu for inclusion to the Kawai Nui Marsh project.

Your Committee heard numerous supporting testimonies and finds that the acquisition of this land would provide for an interpretive center which would be a significant natural, and cultural resource for the education of residents and visitors to Hawaii. This appropriation would enable the Department of Land and Natural Resources to facilitate this plan which is consistent with the declared policy of the legislature to provide the public educational enrichment, and is therefore in the public interest.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 764 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. 146 Planning and Environment on S.B. No. 1133

The purpose of this bill is to establish specific guidelines for the creation and management of Natural Area Reserves and to establish a natural area reserve fund and trust fund to fuel operations and maintenance of the system.

Presently, we are the beneficiaries of a reserve system, with 108,000 acres of state lands in 18 established reserves throughout the island. These reserves protect thousands of uniquely Hawaiian species, provide ideal sites for research and outdoor education, and, in many cases, guard vital watershed lands. However, most of these areas are now suffering from serious management problems which threaten to permanently destroy or degrade the resources we have been so fortunate to inherit.

The bill will give the Department of Land and Natural Resources broader powers under which to acquire and manage reserves. The bill further insures that all future decisions regarding the establishment of reserves or the preparation and implementation of management plans for the system will have a comprehensive compilation of relevant scientific data available. And finally, the bill establishes a permanent fund to be used to facilitate consultation with appropriate scientific data centers, to implement reserve management plans, and, most importantly, to build a trust fund account.

Your Committee received supporting testimonies from conservation organizations and some opposition from the Department of Land and Natural Resources.

Your Committee, upon consideration of the bill and careful review of the testimonies, believes there is a need for a dedicated fund to insure that the programs that are built to protect Hawaiian plants and animals will be maintained.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 1133 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. 147 Planning and Environment on S.B. No. 1747

The purpose of this bill is to transfer State planning functions from the Department of Planning and Economic Development to the Office of the Governor through the establishment of an Office of State Planning in the Governor's Office.

Since 1963, when the Department of Planning and Research and Department of Economic Development were merged to create the present Department of Planning and Economic Development, there has been recurring debate over the appropriateness of the consolidation of the State's planning and business development and promotion functions. However, recent years have witnessed a persistent and growing concern with this arrangement. While beneficial in some respects, the linking of planning and economic development has tended to compromise the integrity of both functions.

Your Committee received testimony from the Department of Planning and Economic Development which reinforces this view. The Department indicated that transferring and centralizing the State's planning and program coordination functions in the Governor's Office would not only serve to enhance the effectiveness of the State's planning process and strengthen the Governor's management capability but would also result in the reestablishment

of the Department as an agency solely devoted to and accountable for promoting economic diversification and growth. The latter was viewed as vital to enable the Department to provide the type of aggressive, focused, and proactive attention necessary to capitalize on emerging business and industrial development, promotion, and marketing opportunities. Your Committee finds that separation of planning and economic development activities in this manner is appropriate and timely.

Your Committee also received testimony from the Hawaii Government Employees Association suggesting that all employees transferred under the bill should not only be provided the opportunity to retain their civil service status, but also be placed in civil service positions so as to insure professional continuity, career development, and job security in the exercise of their planning responsibilities. The Association also recommended that a provision be added delineating the appointment of a Director of the Office of State Planning who is qualified to direct the implementation of the State comprehensive planning process. Your Committee is in agreement with these findings and, accordingly, has amended Sections 1 and 10 of the bill to: a) provide for the appointment of a professionally-qualified individual to head the Office of State Planning, and b) ensure that all affected officers and employees under this Act will be transferred to permanent civil service positions without loss of civil service status or tenure.

Your Committee has further amended this bill by:

- (1) Amending Section 2 of the bill to provide for the addition of a fourth Section to Part I of Chapter 201, Hawaii Revised Statutes, to ensure that functions related to the collection, analysis, and dissemination of statistical information currently performed by the Department of Planning and Economic Development will be maintained by the Department.
- (2) Adding new Sections 4, 5, 6, and 8 and revising old Section 4 (now Section 7) of the bill to clarify the involvement of the Office of State Planning with other statutorily-based programs and activities.

These amendments are based on recommendations offered by the Department of Planning and Economic Development in its testimony to your Committee.

Your Committee has also made technical, nonsubstantive amendments to the bill for purposes of style and clarity.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 1747, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1747, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 148 Agriculture, Energy and Ocean Resources on S.B. No. 946

The purpose of this bill is to appropriate funds for a project to provide extension and educational services to our fresh tuna industry to reduce burnt tuna syndrome.

The department of land and natural resources testified that burnt tuna syndrome (BTS) is a major impediment to the expansion and full development of our fresh tuna industry. The estimated revenue loss to industry and State as a result of BTS is around \$1.4 million annually.

Your Committee has amended the bill to increase the appropriated amount from \$125,000 to \$165,000 for the fiscal biennium 1987-1989, and to provide that the funds shall also be used for the continued research on the biochemical reactions of burnt tuna syndrome. This increase would provide funding for a two year study into the actual biochemical causes and possible remedies for burnt tuna syndrome.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 946, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 946, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 149 Agriculture, Energy and Ocean Resources on S.B. No. 663

The purpose of this bill is to authorize the issuance of general obligation bonds and make an appropriation for an additional building to house a new hydro-cooler and ice machine at the Kula Vacuum Cooling Plant, Maui.

The chairperson of the department of agriculture testified that between 1982 and 1986, there has been a 26 percent increase in the volume of produce processed through the Maui Produce Processing Cooperative. With the additional 452 acres of the Kula Agricultural Park coming into production, the volume will increase substantially. Furthermore, other produce such as broccoli, corn, cucumbers, green peppers, and cauliflowers are being produced in Kula, most of which require pre-cooling to insure marketability.

The estimated cost for a new building with ice machines, a hydro-cooler and refrigerator, as well as improvements to the loading ramp of the existing building will be \$425,000. Your Committee has amended the bill to reflect the amount needed for the additional building.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 663, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 663, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 150 Agriculture, Energy and Ocean Resources on S.B. No. 677

The purpose of this bill is to authorize the issuance of general obligation bonds for the renovation of the Komohana Agriculture Complex, Hawaii.

The dean of the University of Hawaii College of Tropical Agriculture and Human Resources testified that this project is not scheduled for funding in the 1987-1989 biennium. However, the appropriateness of such a proposed project is clearly defined as essential and beneficial to the farmers and ranchers who are the users of the system.

Currently, the research faculty and facilities are located at the Beaumont Station, Hilo campus, while extension units are assigned to the Komohana Complex. Thus, the users of the research-extension education system must visit two locations in problem solving situations. A physical merger of the two components will be of benefit to all clients of the college and will facilitate the interaction between the research and extension faculties. The general plan of the University of Hawaii, Hilo campus, calls for the merger of such units at Komohana Complex.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 677 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. 151 Agriculture, Energy and Ocean Resources on S.B. No. 679

The purpose of this bill is to appropriate funds for the fiscal biennium 1987-1989 for the support of statewide agricultural activities, the sums appropriated to be expended by the Governor's Agriculture Coordinating Committee.

Your Committee received favorable testimony from the Governor's Agriculture Coordinating Committee, the college of tropical agriculture and human resources of the University of Hawaii at Manoa and other agencies who would utilize these appropriations. Your Committee finds that the appropriations are designed to meet a variety of objectives for the promotion of the diversified agricultural industry in Hawaii.

Your Committee has amended the bill by reducing the amounts appropriated for FY 1987-1988 and 1988-1989 for 1) research to develop a framework for integrated pest management of insect and mite pests on tomatoes to \$80,000 for FY 1987-1988, and \$60,000 for FY 1988-1989, and 2) the Hawaii State Farm Fair to \$20,000 for FY 1987-1988 and 1988-1989.

Your Committee has further amended the bill by making a technical change which has no substantive effect.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 679, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 679, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 152 Agriculture, Energy and Ocean Resources on S.B. No. 680

The purpose of this bill is to appropriate funds for the promotion of fresh Hawaiian pineapple in the eleven western States, provided that the funds are matched dollar for dollar by private contributions.

The dean of the University of Hawaii's college of tropical agriculture and human resources testified that pineapple is an important industry to Hawaii's economy, however, in order to maintain its viability and contribution to the economy of the State, the industry is changing from a canned product to a fresh product. The strategies and tactics developed to promote Hawaii's canned pineapple industry do not apply to the fresh pineapple industry. Fresh pineapple must be considered a new and developing industry, with new marketing techniques specifically devoted to promote fresh Hawaiian pineapple.

In 1982 the department of agriculture joined the pineapple growers association of Hawaii in financing a comprehensive marketing and promotion program to increase the demand for fresh Hawaiian pineapple. The Legislature has provided funding on a matching basis with the pineapple industry for this promotional program. Your Committee finds that this program has not only helped stabilize the pineapple industry, but has aided promotional programs of other Hawaiian diversified agricultural products and assisted tourism.

Your Committee also received favorable testimony from the department of agriculture, the Hawaii farm bureau federation, and the pineapple growers association of Hawaii. Your Committee, upon consideration has amended this bill by increasing the amount appropriated to \$200,000 for fiscal years 1987-1988 and 1988-1989, to be matched by private contributions.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 680, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 680, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 153 Agriculture, Energy and Ocean Resources on S.B. No. 683

The purpose of this bill is to appropriate funds for a program to promote consumer acceptance of ginger root produced in the State of Hawaii, provided that the funds are matched on a dollar-for-dollar basis by private industry.

Presently the department of agriculture has a promotional contract with the Hawaii Ginger Commodity Group Association to assist in marketing the 1986-1987 ginger root crop on the mainland. Increased competition from foreign sources due to the success of Hawaii's ginger industry necessitates accelerating this promotional program.

The department of agriculture testified that an effective promotional program will provide more opportunity for stability and growth of the ginger root industry in Hawaii. Further, the potential for further sales increase as Hawaii's ginger root gains a larger share of the export market and per capita consumption continues to increase.

Your Committee also received testimony from the University of Hawaii's college of tropical agriculture and human resources and the Hawaii Ginger Commodity Group Association in support of this bill.

Your Committee on Agriculture, Energy and Ocean Resources 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.

Signed by all members of the Committee.

SCRep. 154 Agriculture, Energy and Ocean Resources on S.B. No. 684

The purpose of this bill is to appropriate funds for a survey of the seafloor south of West Molokai and west of Lanai.

Knowledge of our seafloor is essential for the appropriate utilization of resources within the State. A detailed measurement on the depths of our oceans would provide an opportunity for assessing, in a more quantitative way, the distribution of off-shore sand deposits, environments in which precious coral might be present and more importantly, would provide us with information for the management of our fishery resources.

The chairperson of the department of land and natural resources testified that currently, the department operates and maintains fish aggregating devices (FADs) to assist the fishing

industry. The department relies on seafloor contour maps to install these devices.

The proposed survey of the seafloor will provide data that is of value in further developing our fisheries resources, and provide base maps and data for other resource studies.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 684 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. 155 Agriculture, Energy and Ocean Resources on S.B. No. 689

The purpose of this bill is to appropriate funds for the improvement and promotion of diversified agricultural commodities for the fiscal biennium 1987-1989.

Your Committee received favorable testimony from the department of agriculture, the college of tropical agriculture and human resources of the University of Hawaii at Manoa and the Hawaii farm bureau federation.

Your Committee finds that the diversified agriculture industry is a vital component of the State's economy and is considered one of the fastest growing sectors in the overall agricultural industry with reported sales of over \$200 million a year. The appropriations in this bill are designed to meet a variety of objectives for the promotion of the diversified agricultural industry in Hawaii.

Your Committee has amended the bill by deleting the appropriations for the promotion of fresh pineapple, the repricing of an economic development specialist, and for two additional economic development specialists. Your Committee has further amended the bill by adding \$30,000 for FY 1987-1988 and FY 1988-1989 for biological control of webworms in Maui, and by adding \$100,000 for FY 1987-1988 and \$150,000 for FY 1988-1989 for telemarketing systems.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 689, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 689, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 156 Agriculture, Energy and Ocean Resources on S.B. No. 691

The purpose of this bill is to appropriate funds for research and development of food processing using geothermal direct heat.

The executive director of the natural energy laboratory of Hawaii testified that the geothermal technology program projects currently underway at the research facility are leading the way in demonstrating that there are many alternate non-electric uses for the geothermal fluids available in Hawaii. If utilization of these geothermal resources is to move forward, practical uses of the resource must be found and established.

Your Committee also received favorable testimony from the department of planning and economic development, the University of Hawaii's college of tropical agriculture and human resources and the Spark M. Matsunaga Fellows in geothermal energy research. Your Committee finds that the proposed appropriation would assist in the practical development and utilization of geothermal resources in the Puna area.

Your Committee on Agriculture, Energy and Ocean Resources 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.

SCRep. 157 Agriculture, Energy and Ocean Resources on S.B. No. 951

The purpose of this bill is to appropriate funds for the development of a promotional and marketing plan to stimulate national and international interest in fresh seafood from Hawaii.

The director of the department of planning and economic development testified that a plan to promote seafood would provide a framework for promotional efforts that the department is currently undertaking, such as the preparation of a seafood buyer's guide to acquaint local and

Mainland wholesalers with Hawaii's seafood.

Your Committee also received testimony from the Hawaii Seafood promotion committee in support of this bill.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 951 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. 158 Agriculture, Energy and Ocean Resources on S.B. No. 961

The purpose of this bill is to appropriate funds for a directional drilling research and demonstration project at the Natural Energy Laboratory of Hawaii.

This project would combine available state-of-the-art "slant" or directional drilling techniques to demonstrate their use in installing an in-the-rock, cased pipe conduit under Hawaii's shoreline and through the rubble zones that occur at the base and top of "aa aa" flows. Such a conduit would provide a secure source of nutrient-rich, cold ocean water. Low angle directional drilling provides for crossing the shoreline in an environmentally acceptable way. Currently conduits are routed through the surf zone and are susceptible to wave and storm damage.

This project would also provide valuable information applicable to geothermal resource development and water well drilling.

Your Committee received favorable testimony from the Hawaii Institute of Geophysics of the University of Hawaii, the Natural Energy Laboratory of Hawaii and the Department of Planning and Economic Development.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 961 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. 159 Agriculture, Energy and Ocean Resources on S.B. No. 965

The purpose of this bill is to authorize the issuance of general obligation bonds to convert a portion of the J.K.K. Look Laboratory into a small business ocean-related incubator facility and for the planning, design and construction of an offshore test range and seawater system.

The proposed incubator facility would provide a nurturing environment in which entrepreneurs would have access to equipment, facilities and technically qualified people to help develop ideas and concepts into products, and to survive the start-up phase of development. The ocean-related incubator would benefit the State by supporting the State's movement toward economic diversification and provide educational stimulus for university students to interact with the professional community.

Your Committee received testimony from the department of planning and economic development, High Technology Development Corporation and Oceanit Laboratories, Inc. in support of this bill.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 965 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. 160 Agriculture, Energy and Ocean Resources on S.B. No. 968

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to finance a hydroelectric power plant on the Honolii Stream in Hawaii County by the Mauna Kea Power Company, Inc.

Hydroelectricity is an environmentally acceptable technology that provides energy to several of the islands. The Honolii Stream hydroelectric project will greatly increase the energy from this source which, along with other available renewable energy resources, will provide greater energy self-sufficiency for the Big Island.

The president of the Mauna Kea Power Company testified that an Environmental Impact Statement (EIS) is currently being done. The president assured the Committee that construction of this project will not commence if the EIS proves that the project is not environmentally sound.

Your Committee also received testimony from the other partner of Mauna Kea Power Company, one of the project's investors, and the department of planning and economic development in support of this bill.

The president of Mauna Kea Power Company recommended several amendments to the bill which would clarify that Mauna Kea Power does not intend to become a competing utility and that they would provide electricity for consumption by members of the general public through the existing public utility. The president also recommended increasing the amount authorized to \$15,000,000 to ensure that the project has the necessary funds, and some technical changes which have no substantive effect.

Your Committee finds that this bill, and the proposed amendments recommended by the president of Mauna Kea Power Company, is consistent with the State's goal of energy self-sufficiency and that it would help reduce Hawaii's dependency on imported petroleum.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 968, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 968, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 161 Agriculture, Energy and Ocean Resources on S.B. No. 969

The purpose of this bill is to appropriate \$500,000 of general revenue funds to identify specific opportunities and formulate specific projects which integrate excess power generated from renewable energy and water development for agricultural, urban and other purposes.

As the State proceeds onto its goal of energy self-sufficiency through the development of geothermal and other forms of renewable energy, it must be prepared to fully utilize those resources. As excess energy resources become available, such as during the early morning hours, this off-peak power may be used to develop water resources for both agricultural and domestic consumption. This bill is an effort to foster the integration of power and water resources, and the timely development of both resources.

Your Committee received testimony in support of this bill from the True Geothermal Energy Company, the department of planning and economic development, and the Hawaiian Electric Company and its subsidiaries.

Your Committee has amended the bill to clarify that the appropriation will be used to initiate work on a project to develop water resources on the island of Hawaii, and that the project will utilize renewable energy to the fullest extent practicable.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 969, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 969, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 162 Agriculture, Energy and Ocean Resources on S.B. No. 971

The purpose of this bill is to appropriate funds for the implementation of programs to promote consumer acceptance of irradiated fruits, vegetables, and other agricultural products produced in the State of Hawaii.

It is essential to develop a program to educate the public on the acceptance of irradiated agricultural products produced in the State. The effectiveness of irradiation has been demonstrated, and with the recent approval by the food and drug administration on the use of this technology, funds are necessary to disseminate reliable and accurate information to consumers concerning the safety and wholesomeness of irradiated products.

Your Committee received testimony from the chairperson of the department of agriculture recommending that the University of Hawaii's College of Tropical Agriculture and Human Resources (CTAHR) be the expending agency for this bill. The CTAHR has the background,

knowledge, and staffing to coordinate an effective educational program. Your Committee concurs with the department's recommendation and has amended the bill accordingly.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 971, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 971, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 163 Agriculture, Energy and Ocean Resources on S.B. No. 974

The purpose of this bill is to appropriate funds to stop the epidemic spread of the gorse plant on the islands of Hawaii and Maui, by effectively containing the gorse infestation and reducing its population.

The chairperson of the department of agriculture testified that gorse is considered the most serious of all weed pests in pastures and conservation lands on the islands of Hawaii and Maui. The Hawaii Steering Committee for Gorse Control was organized to develop a multi-agency program for the control of this weed.

Your Committee finds that funds are needed to continue testing of conventional control methods and pursuing a biological control program using plant pathogens.

Your Committee also received testimony from the Hawaii Steering Committee on Gorse Control, the department of land and natural resources, the Hawaiian Homes Commission and the University of Hawaii's College of Tropical Agriculture and Human Resources in support of this bill.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 974 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. 164 Agriculture, Energy and Ocean Resources on S.B. No. 1254

The purpose of this bill is to authorize the issuance of general obligation bonds for the plan, design, construction and appurtenances of a demonstration state baitfish holding and live transfer facility in Hilo, Hawaii, adjacent to the Wailoa Boat harbor.

The Maui County live bait production facility has been the major supplier of live baitfish for Oahu and Hawaii fishermen. However, recent difficulties on Maui have curtailed live baitfish supplies, causing the department of land and natural resources to seek alternative measures.

Anuenue Fisheries Research Center in Honolulu is seeking to remedy the situation on Oahu. However, the lack of a facility in Hilo for holding and transfer of live baitfish to fishermen poses a constraint to fisheries development on the island of Hawaii.

This bill will meet the needs of the fisheries industry by providing a facility to hold live baitfish on the Big Island. This facility would also be available for other fisheries projects and activities and may later be used by the University of Hawaii at Hilo as a marine laboratory.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 1254 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. 165 Agriculture, Energy and Ocean Resources on S.B. No. 1256

The purpose of this bill is to amend section 2, item 2 of Act 347, Session Laws of Hawaii 1986, to delete designation of Kealia, Maui as the site of a renewable resources research facility.

The director of the department of planning and economic development testified that the proposed amendment would not affect the intent of the original appropriation and would allow the best Maui site to be selected during the planning phase of the research facility.

Your Committee finds that the proposed amendment is in the best interest of the people of

Maui, and supports the intent of this bill.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 1256 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. 166 Agriculture, Energy and Ocean Resources on S.B. No. 1658

The purpose of this bill is to amend section 164-1, Hawaii Revised Statutes, to allow the salary of the special assistant to the Governor for agriculture, who serves as the chairperson of the governor's agriculture coordinating committee, to be fixed by the Governor rather than by statute.

Currently, section 164-1, HRS, fixes the salary of the assistant for agriculture at \$36,026 a year. Your Committee finds that because the position is that of a special assistant to the Governor, the Governor has a large measure of discretion in assigning functions and duties to the position and should be afforded flexibility in setting the salary.

Your Committee has amended the bill by making nonsubstantive changes for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 1658, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1658, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 167 Human Services on S.B. No. 1431

The purpose of this bill is to establish the State Coordinating Council on Deafness as a more permanent body, with support staff, and operating funds, as well as to provide funds for state interpreter service programs for the deaf.

Your Committee received testimonies from numerous organizations, all of which were in support of the passage of this bill. The hearing impaired population needs a permanent council which would advocate for the needs of the hearing impaired population. Presently, the council has no staff and is not equipped to do all the research and background work that the hearing impaired require. The State also does not have a statewide program to coordinate interpreter services for the hearing impaired. A coordinated system with proper funding needs to be established for the use of interpreters.

Your Committee believes the hearing impaired need the additional support in their efforts for equal access that are provided by this bill.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1431 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 Human Services on S.B. No. 1445

The purpose of this bill is to exempt child care facilities from the general excise tax.

Presently, there are family child care providers that maintain low visibility due to current taxation laws. State and federal income tax, general excise tax, and self-employed business tax are too great an economic disincentive to small business operators grossing between \$800 - \$1,000 a month.

This bill exempts family child care facilities from the general excise tax which addresses the problem of reducing economic disincentive to small business operators.

Your Committee, upon consideration of this bill and the review of a supporting testimony as well as an opposing testimony from the Department of Taxation, finds that this bill would help increase the supply of available child care services.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1445

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. 169 Human Services on S.B. No. 977

The purpose of this bill is to establish the Learning for Independent Future Excellence (LIFE) Program, which provides an employment and training program for applicants and for recipients of Aid to Families with Dependent Children.

This bill provides a much needed innovation for assisting welfare recipients to become economically self-sufficient. Investment is made in providing services such as job training, education, and support services.

Your Committee, upon consideration of this bill and the review of testimonies from the Department of Labor and Industrial Relations and the Department of Social Services and Housing finds that the development and implementation of the LIFE program would be beneficial to the general public.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 977 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. 170 Human Services on S.B. No. 1642

The purpose of this bill is to assure that reasonable and fair reimbursement will be made to health care providers for services rendered to Medicaid patients under the Department of Social Services and Housing's (DSSH) prospective payment systems.

The bill also requires the DSSH to maximize the amount of matching federal funds available to help finance the cost of outpatient, hospital, skilled nursing or intermediate care of indigents or medical indigents.

Your Committee received strong supporting testimony from the Healthcare Association of Hawaii. They expressed serious concerns about the Department of Social Services and Housing's ability to properly manage the prospective payment system.

Your Committee, upon careful consideration of this bill, finds that public interest must be protected through fair and reasonable reimbursement practices.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1642 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 Human Services on S.B. No. 1311

The purpose of this bill is to appropriate \$500,000 for fiscal years 1987-1988, and 1988-1989 for funding of social support programs for emergency shelters.

Your Committee heard supporting testimony from Erica C. Jones, Executive Director of Hawaii Center for Independent Living, and finds that this appropriation would enable the Department of Social Services and Housing to construct or renovate buildings for emergency shelters for the homeless on Oahu and on the neighbor islands which is consistent with the declared policy of the Legislature to provide emergency shelters and is therefore in the public interest.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1311 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. 172 Human Services on S.B. No. 302

The purpose of this bill is to appropriate funds out of the general revenues of the State to pay

victims and providers of services who have been found eligible to receive compensation under chapter 351, Hawaii Revised Statutes.

Your Committee heard supporting testimony from the Director of Social Services and Housing, and finds that this appropriation would enable the Criminal Injuries Compensation Fund to be used for payments as authorized by the Criminal Injuries Compensation Commission.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 302 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. 173 Human Services on S.B. No. 1435

The purpose of this bill is to include psychologists along with psychiatrists in the determination of disability and impairment for the purpose of receiving disability assistance, and to repeal the physician referral requirement under the Hawaii medical assistance program.

Your Committee received numerous supporting testimonies for this bill. All testimonies concur that the current practice of physicians referral provides an unnecessary barrier to consumers seeking health care and who would otherwise seek the help of a psychologist. Your Committee believes that psychologists should be treated on an equal basis with psychiatrists.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1435 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 Human Services on S.B. No. 792

The purpose of this bill is to amend the law with respect to the types of crimes that qualify victims for receipt of criminal injuries compensation.

This bill brings current statutory language into conformance with the Penal Code changes which were enacted in 1986 and adds robbery in the first and second degrees to the list of crimes which qualify victims for possible compensation.

Your Committee upon consideration of this bill and review of testimonies, believes this bill incorporates important additions to the current statute.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 792 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. 175 Human Services on S.B. No. 1460

The purpose of this bill is to place the Commission on the Status of Women in the governor's office and to provide additional funds for the Commission on the Status of Women.

Presently, the Commission on the Status of Women is within the Department of Social Services and Housing. It was established by the governor, by executive order in 1964. There was a demonstrated need for a continuing body to aid in the implementation of its recommendations, to develop long range goals, and to coordinate research planning, programming, and actions on the opportunities, needs, problems, and contributions of women in Hawaii.

Your Committee, upon consideration of this bill and the review of all testimonies, believes that the Commission on the Status of Women should remain within the Department of Social Services and Housing and not be placed in the governor's office. Therefore, the amended purpose of this bill is to provide additional funds for the Commission.

Accordingly, your Committee has amended the bill by deleting section 2 in its entirety, which is the existing statute, which will not be amended by this bill. Your Committee also changed the expending agency to the Department of Social Services and Housing, and made some technical nonsubstantive amendments.

Your Committee on Human Services 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 referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 176 Human Services on S.B. No. 1456

The purpose of this bill is to transfer the Child Abuse and Neglect Secondary Prevention Program from the Department of Health to the Department of Social Services and Housing.

Your Committee, upon consideration of this bill and review of all testimonies, believes that the Child Abuse and Neglect Secondary Prevention Program would function more appropriately under the Department of Social Services and Housing. The transfer of this program would conform to the current range of child abuse and neglect services currently provided by the department.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1456 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. 177 Human Services on S.B. No. 136

The purpose of this bill is to provide income tax relief for taxpayers who provide care in their homes to disabled or elderly relatives; and to help prevent or delay the institutionalization of those persons who, except for their financial limitations, or the financial limitations of their caregiver could remain in a private living situation.

Your Committee received memorandums from the County Executive on Aging, Chairperson of the Hawaii State Planning Council, Chairperson of the Commission on the Handicapped, the Director of Taxation, and the Director of the Executive Office on Aging. This bill would provide the extra needed incentive for individuals or families to care for their handicapped relative as well as give the disabled and frail elders the option to remain at home for as long as possible. With the exception of the Department of Taxation, the general consensus was in support of this bill. Several testimonies requested that the term "handicapped" be expanded to include mental impairment.

Your Committee, upon consideration of this bill, adopted the recommendation that mental impairment be included in the definition of "handicapped" by adding the words "or mental" after the word "physical" on line 11, page 3 of the bill as introduced.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 136, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 136, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 178 (Joint) Labor and Employment and Education on S.B. No. 905

The purpose of this bill is to address the issue of class size for students in grades kindergarten to three.

Your Committees have deleted the original contents of the bill. In their place, your Committees have established provisions intended to encourage persons to enter the teaching or educational administration ranks and to retain current teachers and educational officers in the education field. The new provisions require, until June 30, 1997, the board of trustees of the public employees' retirement system, under its mortgage loan investment authority, to charge to members of collective bargaining units (5) and (6) an interest rate of one per cent less than the interest rate charged to other persons. Your Committees intend that the board of trustees use the provisions of this bill, as amended, when issuing mortgages to teachers and educational officers for the purchase of homes.

The quality of education in Hawaii is much criticized. Recently, a study by two researchers has concluded that Hawaii is "...the least successful of all the states in preparing its student population for higher education...".

Along with the volume of criticism, many strategies to improve education have been advanced. Proposed strategies include smaller class sizes, lower student-teacher ratio,

increased spending for education, more autonomy for schools, and alteration of the method of selecting the board of education. Some of these strategies have merit and others should be considered further, but most require the expenditure of more public moneys or radical change to educational policy-making or administration which may be difficult to implement.

Rather than such strategies, your Committees find that the best strategy to improve the quality of education is to improve the quality of teachers and educational officers. While the qualifications of teachers and educational officers are important, their commitment is most imperative if students are to receive the best education. Your Committees believe that most current and prospective teachers and educational officers have chosen to work in the educational field because they already possess the necessary commitment. Most teachers and educational officers do not have a desire for riches, power, or notoriety. Rather, they believe sincerely that the enhancement of society by educating the young is honorable and justified as a life's work, although unrecognized, underpaid, and often, unappreciated.

Your Committees find that inducements for persons to enter or remain in teaching or educational administration should be established now. The department of education expects a future shortage of teachers. In its Plan of Action to Minimize Future Teacher Shortages for 1985-1990, the department states that "[B]ased on employment information...the Department of Education has gathered, there is every reason to believe that a teacher shortage is imminent." The bill, as amended, provides one inducement by promoting the opportunity of teachers and educational officers to attain a goal of most persons: that of purchasing a home.

Your Committees on Labor and Employment and Education are in accord with the intent and purpose of S.B. No. 905, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 905, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees.

SCRep. 179 Education on S.B. No. 1483

The purpose of this bill is to establish a public schools foundation within the Department of Education.

The establishment of a public schools foundation would provide supporters of the public school system with an accessible, legally established mechanism to provide and generate contributions to assist students and help develop quality public schools.

The closest parallel to a foundation for public schools is the widely supported and highly successful University of Hawaii Foundation which received in Fiscal Year 1985-1986 nearly \$8 million in contributions to support faculty and staff development, research, student aid, and many special programs. The Foundation raised nearly \$37 million over the last ten years.

Therefore, it was of great value to your Committee to receive the significant testimony of the Executive Vice President of the University of Hawaii Foundation who strongly urged the establishment of a public schools foundation because "the benefits will prove enormous to our children, to teachers, and to this entire community."

It was also pointed out to your Committee that "a public schools foundation would enable the public school system to attract our most respected community leaders and volunteers," and that "these volunteers would, through their hard work and influence, attract support and contributions from all parts of our community for the public schools."

Your Committee concurs with the UH Foundation that "a public school foundation would provide increased opportunities for individuals, corporations and foundations to enrich and enhance the ongoing programs in the public schools. There would be increased opportunities for student enrichment, for research and pilot projects, and for other programs which supplement existing programs."

Your Committee has amended the bill by changing the name of the foundation from "Public Schools Foundation" to "Public Schools Student Foundation," to emphasize that the primary beneficiaries of the Foundation are students; and by decreasing the number of members designated on the Board of the Foundation from twenty-one to thirteen, and decreasing the number of Board members who would be appointed by the Governor from twenty to twelve to make the Board more manageable and less cumbersome. Your Committee has also made technical amendments for purposes of clarity.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1483, as amended herein, and recommends that it pass Second Reading in the form attached hereto as

S.B. No. 1483, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 180 Education on S.B. No. 1668

The purpose of this bill is to appropriate \$451,920 for fiscal biennium 1987-1989 for 28 permanent, half-time student activities coordinators for all public intermediate schools with an enrollment of 300 students or more.

Your Committee heard supporting testimony from Charles Toguchi, superintendent of Public Schools, and from a parent, and finds that this appropriation would enable public intermediate schools to have a student activities coordinator which is consistent with the declared policy of the legislature to provide support for public schools student activities, and is therefore in the public interest.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1668 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 Education on S.B. No. 1490

The purpose of this bill is to authorize the Director of Finance to issue general obligation bonds in the sum of \$250,000 to provide for an appropriation in the same amount to Waiakea High School.

This bill would provide for the construction of classrooms, covered walkways, parking, equipment, and appurtenances for the school. The sum appropriated is for fiscal years 1987-1988, 1988-1989, and 1989-1990 and shall be expended by the Department of Accounting and General Services.

Your Committee heard supporting testimony and finds that this appropriation is in the best interest of the students and concurs with the intent of the bill.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1490 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 Education on S.B. No. 1260

The purpose of this bill is to make various appropriations for Waipahu Elementary School.

This bill would provide funds for the design and construction of walkways to the main campus complex from Waikele Road, the plan, design, and construction of a safety ramp from the second floor of Building I to the main campus, the expansion of the school parking lot, the improvement of Kahale field, and the provision of a water safety program for all grade four students.

Your Committee has amended the bill by designating \$179,000 as the total amount appropriated for the various improvements, including \$25,000 for the parking lot, and \$75,000 for Kahale field. Your Committee also amended the bill by deleting item 5 which is not a capital improvement project.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1260, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1260, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 183 Education on S.B. No. 1258

The purpose of this bill is to appropriate \$398,000 from the general revenues of the State to various schools for capital improvement projects.

Your Committee finds that these appropriations are in the best interest of the students in the leeward area, and supports the intent of this bill.

Your Committee has amended the bill by inserting the dollar amount of the appropriation on

page 1, line 2. This is a technical amendment.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1258 as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1258, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 184 Education on S.B. No. 1243

The purpose of this bill is to make various appropriations for capital improvement projects, including repair and maintenance, of libraries and schools located in the tenth senatorial district.

This bill will provide funding for an air conditioning system, new library shelving and realign the parking lot for Kailua Library. Funds for Waimanalo Community Library will provide for exterior painting, reroofing the building and a library sign on the highway.

This bill will also provide athletic locker room facilities at Kalaheo High School, an air conditioning system in the library for Aikahi Elementary School, and security screens and gate on the ground floor windows of Pope Elementary School.

Your Committee finds that these appropriations are in the best interest of the students and residents of the windward community, and supports the intent of this bill.

Your Committee has amended the bill by increasing the appropriation amount for Kalaheo High School on Page 2, line 5.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1243, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1243, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 185 Education on S.B. No. 1211

The purpose of this bill is to make an appropriation for a covered walkway at Castle High School.

This bill would provide funds for the plans and construction of a covered walkway that would connect the cafeteria to the business classroom facility. The walkway would include a concrete walkway, footsteps as needed, roofing over the walkway, and railings and supports.

Your Committee has amended the bill by designating \$75,000 as the amount to be appropriated for the walkway, and by removing any unintended underscoring.

Your Committee on Education is in accord with the intent and purpose 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 referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 186 Education on S.B. No. 1074

The purpose of this bill is to establish and appropriate funds for a Tutoring for Excellence Program in the Department of Education.

Your Committee finds that instruction by tutoring on a one-to-one basis or in very small groups has been found to be a successful approach in the education of students. The purpose of the Tutoring for Excellence Program established by this bill is to make tutoring available in the public schools of Hawaii. Unlike many other tutoring programs, however, the Tutoring for Excellence Program is intended not just for remediation but for a wide range of student needs and interests, including enrichment and acceleration.

This bill establishes and appropriates \$175,000 for the program, and also requires the Department of Education to submit a preliminary report on the program to the Legislature in 1988, and a final report in 1989.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1074 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 Education on S.B. No. 1073

The purpose of this bill is to appropriate \$150,000 to establish a homework hotline program in all districts of the Department of Education.

Homework hotlines provide students access to teachers and information via the telephone. Your Committee finds that two principles have been widely circulated by the United States Department of Education concerning homework and its relationship to student achievement. The first principle is that student achievement rises significantly when teachers regularly assign homework and students conscientiously do it. The second principle is that well-designed homework assignments relate directly to classwork and extend students' learning beyond the classroom and that homework is most useful when teachers thoroughly explain it and give prompt comments and criticism when work is completed.

The evidence is that homework is valuable, but there is also the problem that to many students, homework is stressful and frustrating if they are unable to do it. For such students, providing just a little help can make a difference between their sense of success and sense of failure.

In other school jurisdictions, homework hotlines have been successful in helping students, who are stymied by their homework, by providing quick tips, different perspectives and approaches, and general encouragement. One school district in Florida credited its after-school homework help program with improving test scores across the board.

In Hawaii, it is intended that homework hotlines will be staffed by teachers who will be paid an appropriate hourly rate. Elementary and secondary teachers with subject matter backgrounds which most represent homework patterns will be available through the homework hotlines. To the extent possible, modern technology will be used to enable teachers to provide homework hotline service from their homes or places of their choice. The Department of Education will determine the appropriate hours for providing the homework hotline service.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1073 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. 188 Education on S.B. No. 1020

The purpose of this bill is to appropriate funds from the general revenue for capital improvements at King Intermediate School for fiscal year 1987-1988.

The sum appropriated shall be expended by the Department of Education and applied toward the plans and construction for renovations and improvements to the existing Building I.

Your Committee has amended the bill by inserting the appropriation amount of \$50,000 and deleting the following sentence:

"The renovations and improvements shall include but are not limited to the following: interior restructuring, ceiling, wall, and floor repairs, painting and finish of the existing building."

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1020, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1020, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 189 Education on S.B. No. 1019

The purpose of this bill is to make an appropriation to improve access to Heeia Elementary School.

This bill would provide for the plans and construction of a walkway to and a footbridge over the small stream that separates the rear of Heeia Elementary School with the numerous apartments and residences on Kahuhipa Street in Kaneohe, Oahu. The accessway would include but is not limited to a concrete path connecting the border of the school, the footbridge and the rear of an adjacent property.

Your Committee has amended the bill by designating \$75,000 as the amount appropriated for the accessway and removing any unintended underscoring.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1019, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1019, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 190 Education on S.B. No. 1018

The purpose of this bill is to make an appropriation for general improvements to public schools in the 8th senatorial district.

This bill would provide for the plans and construction - including the painting, repairing, and replacing of materials and structures where applicable.

Your Committee has amended the bill by designating \$1 as the amount appropriated for the improvements until a more appropriate figure can be provided in the Committee on Ways and Means. Your Committee has also amended the bill by providing for the "expansion, renovation, and improvement," instead of "painting, repairing, and replacing" of schools; and by removing any unintended underscoring.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1018, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1018, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 191 Education on S.B. No. 1016

The purpose of this bill is to make an appropriation for the expansion of the Laie Elementary School Cafeteria.

Your Committee finds that Laie Elementary School has a current enrollment of 910 students with a projected enrollment of 938 students by the next school year. In order to accommodate all of the students, there are three lunch shifts from 10:45 a.m. to 12:15 p.m.

As enrollment increases, health and safety problems may develop because of students having to eat their lunches in their classrooms, room cleaning, and the lack of supervisors for those classrooms. The quality of education will also suffer because programs will be limited or not attempted due to the lack of a facility large enough to accommodate large groups of students.

The cafeteria expansion would include the extension of the existing walls, floors, and ceiling, increasing the seating capacity, enlarging the kitchen, painting and finishing, and providing an exit and accompanying accessway.

Your Committee has amended the bill by designating \$250,000 as the amount appropriated for the expansion, and removing any unintended underscoring.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1016, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1016, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 192 Education on S.B. No. 936

The purpose of this bill is to appropriate \$75,000 for fiscal year 1987-1988 to the Department of Education for the implementation of the Lions-QUEST Skills for Adolescence Program.

The funds appropriated will be used for the costs of materials and texts, training costs for teachers by the QUEST National Center and for other expenses related to the program.

The Lions-QUEST Skills for Adolescence Program developed into a joint program from the efforts by the Lions Clubs International and QUEST National Center to minimize and eliminate drug use.

The program will enable schools to teach intermediate and high school students to develop character, build a positive self concept, reduce alienation and to prevent, control and reduce

substance abuse.

Your Committee heard supporting testimony and finds that substance abuse is recognized as one of the most critical problems in the community. It further finds that the schools are faced with an increasing number of students who are substance abusers and are in need of support to cope effectively with the problem of substance abuse.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 936 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. 193 Education on S.B. No. 931

The purpose of this bill is to make an appropriation for the Hawaii Jazz Preservation Society's music education programs.

Your Committee finds that the music education programs will complement and support the Department of Education's efforts to bring greater awareness of jazz to Hawaii's youth.

The program includes the Jazz Sheet Music Library and Jazz Archives, and the Jazz Clinics Programs.

The Jazz Sheet Music Library and Jazz Archives administration would involve the collection, purchasing and cataloging of big-band music, small ensemble music, vocal arrangements, and orchestrations, and the distribution of requested materials to the school music departments and individual music students.

The Jazz Clinics Program administration would involve the qualifying and contracting of competent professional jazz clinicians, coordination of schedules with the Department of Education's Artists In The Schools Program, travel arrangements for clinicians, distribution of information to the schools, and general public relations.

Your Committee has amended the bill by inserting \$141,000 as the amount appropriated for the music programs.

Your Committee on Education 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 the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 194 Education on S.B. No. 929

The purpose of this bill is to make an appropriation for the establishment of additional special education positions. The sums appropriated shall be expended by the Department of Education.

Your Committee believes that the staffing standards that were developed in 1975 must be updated in order to address the individual and unique needs of special education children. This bill will provide for additional special education teacher positions which will be established by the revised Staffing Standards and Allocation Procedures.

Upon consideration of the needs of the special education program, your Committee has amended the bill by making an appropriation of \$7,217,140 for fiscal biennium 1987-1989. The bill has been further amended by making nonsubstantive changes for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 929, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 929, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 195 Education on S.B. No. 928

The purpose of this bill is to make an appropriation for honorariums for teachers who develop innovative teaching techniques in the public schools and to enable others to learn about those innovations.

Your Committee finds that classroom teachers have been very creative in coming up with new and successful approaches to their teaching assignments. However they have not been recognized or rewarded in some systematic way, nor have their approaches been disseminated regularly for the benefit of other teachers and students. While the individual awards offered by this bill may be small in relation to the effort put forth by the recipients, they are a start in giving some credit where it is due.

Both the department of education (DOE) and the Hawaii State Teachers Association (HSTA) support this bill. The DOE believes the honoraria and the publication of the innovations should stimulate teachers to higher levels of effectiveness. The HSTA believes that the public's perception of teachers will be enhanced and that teacher morale will be boosted by the implementation of this bill. The DOE and HSTA are requested to work together in implementing the honorarium program.

Your Committee has amended this bill by inserting the appropriation amount and a ceiling for each honorarium. Your Committee has also amended the bill by providing that the selection committee include classroom teachers in its membership.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 928, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 928, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 196 Education on S.B. No. 914

The purpose of this bill is to appropriate \$10,000 for teacher training and resource material publication for a substance abuse and antisocial behavior program to be administered to seventh and eighth grade students in health classes in the Kauai school district.

Currently, the Life Skills and Communication Program is being conducted under the auspices of the YMCA in the seventh and eighth grade health classes of the three intermediate schools in Kauai. The program utilizes three masters degree level trainers to teach the course and to train interested and committed teachers and counselors to carry on the program.

The Life Skills and Communication Program has been designed to offer students alternatives to destructive behavior by presenting models of positive, need-fulfilling behavior. This program provides an opportunity for students to become aware of and practice communication, decision-making and constructive coping skills. By teaching students to be effective in their world, which includes their families, school environment, peers, and interpersonal relationships, this program increases their self-esteem and confidence while reducing their frustration and alienation. In this way, it teaches the students how to say no to drug abuse and antisocial behavior.

The County of Kauai appropriated moneys last year as seed money to fund this program due to the increasingly widespread drug abuse problem among the youth of Kauai.

Your Committee heard supporting testimony from the Department of Education (DOE) and the Kauai County Council and finds that this appropriation would enable the DOE to continue the drug abuse prevention program which is in the best interest of the students and residents of Kauai County.

Your Committee received testimony that the 1987-1988 budget for the life skills program would require \$19,640 and has accordingly amended the bill by increasing the appropriation amount from \$10,000 to \$19,640.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 914, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 914, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 197 Education on S.B. No. 913

The purpose of this bill is to make an appropriation to the Immigrant Learning Center of Kalihi-Palama Immigrant Service Center.

The program is designed to provide intensive instruction in the areas of English as a Second Language, mathematics, basic survival skills, and appropriate classroom behavior to recently arrived immigrant and refugee students in Honolulu's public schools.

Your Committee received favorable testimony from the Kalihi-Palama Immigrant Service Center which provided several examples of children in the community who could benefit from an immigrant learning center. The proposed program would be able to serve 30 students between the ages of 14 and 17 beginning in the fall of 1987.

Your Committee has amended the bill by designating \$1 as the amount to be appropriated. The amount would be revised in the Committee on Ways and Means.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 913, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 913, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 198 Education on S.B. No. 787

The purpose of this bill is to provide added protection against assault to educational workers.

This bill would include a person who "intentionally or knowingly causes bodily injury to an educational worker who is engaged in the performance of duty or who is within an educational facility" as an offense of assault in the second degree. The bill further defines an "educational worker" as an administrator, specialist, counselor, teacher, or employee of the Department of Education.

Your Committee received favorable testimony from several testifiers including Captain Gordon Isa of the Honolulu Police Department who stated that "the bill would help curb violence towards educators in our school system by giving them added protection against assault by anyone interested in doing them harm. This bill would also aid faculty members in evaluating students objectively without fear of reprisals."

Your Committee on Education 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 Judiciary.

Signed by all members of the Committee.

SCRep. 199 Education on S.B. No. 652

The purpose of this bill is to appropriate \$45,000 to Kaunakakai Elementary School for the purchase of ceiling fans for the cafeteria.

Your Committee heard supporting testimony from the Superintendent of Education and finds that this appropriation would enable Kaunakakai Elementary School to improve conditions for the students.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 652 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. 200 Education on S.B. No. 651

The purpose of this bill is to authorize the Director of Finance to issue general obligation bonds and to make an appropriation for the construction of a four-classroom building and parking lot at Kaunakakai Elementary School on Molokai.

Your Committee finds that the present conditions on Molokai are of crisis proportions. All of the 454 students at Kaunakakai Elementary School use one bathroom, the buildings are old and termite infested, some dating back to 1924, some of the students are forced to use closets, porches, and other areas to study because of the lack of classroom space, and of the 15 classrooms, only five meet the minimum size requirement as established by the Department of Education.

This bill would provide the funds to construct a new building and parking lot to alleviate the overcrowded conditions and to promote an environment conducive to learning and growing.

Your Committee has amended the bill by inserting \$750,000 as the amount of the bond issue authorized and appropriated.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 651, as amended herein, and recommends that it pass Second Reading in the form attached hereto as

S.B. No. 651, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 201 Education on S.B. No. 304

The purpose of this bill is to increase the ceiling of the state librarian's salary from \$55,404 to \$68,400.

Your Committee finds that historically, the salary of the state librarian has been statutorily set at a level comparable to an assistant superintendent of education. However, Act 128, Session Laws of Hawaii, 1986 failed to retain this parity and set the state librarian's salary comparable to that of a deputy district superintendent.

Your Committee further finds that the State Librarian is appointed and acts as chief executive officer for the Hawaii State Public Library System under the authority of the Board of Education. The position has the authority and responsibility similar to that of the 17 directors of State departments, i.e. planning and executing State programs under law through policies, rules and procedures utilizing facilities, personnel, and materials.

The State Librarian attends various meetings and carries out all administrative laws and directives as do other directors. He also attends Board of Education meetings and its committee meetings to conduct policy studies and business which average approximately 50 per year. The State Librarian also attends monthly Library Advisory Commission meetings conducted in the four counties. As much or more so than other department directors, the State Librarian is open to public comment and action because he operates 48 public libraries statewide.

Therefore, your Committee concurs with the testimonies presented supporting this bill which increases the ceiling of the state librarian's salary to equal that of a department head.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 304 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. 9

The purpose of this bill is to establish the Drug-Free School Act, under which county law enforcement agencies and schools jointly act to prevent drug and alcohol use by and drug and alcohol trafficking to students.

After a public hearing, your Committee has amended the bill substantially. Among the major amendments are the following:

(1) The department of education is required to make grants-in-aid to county law enforcement agencies for drug or alcohol trafficking suppression activities and to providers of substance abuse rehabilitation, treatment, education, research, or prevention programs for drug or alcohol use prevention activities. Under the bill, as amended, the activities of law enforcement and drug or alcohol use prevention are separated. Testimony on the bill, as received, had pointed out the practical difficulties and philosophical inappropriateness of having both types of activities operated together.

(2) Drug or alcohol trafficking suppression activities which may be funded under the bill, as amended, are limited to the activities in or around schools. Under the bill, as received, programs for the suppression of drug trafficking activities in and around parks and playgrounds had been authorized. Your Committee has deleted references to "parks and playgrounds" because of the finding that the department of education is not the proper agency to address law enforcement activities off school campuses.

(3) The department of education is to consult with the department of health under the bill, as amended. The department of health is the agency responsible for the coordination of substance abuse programs, and your Committee feels that its input should be constant throughout implementation of the drug-free schools program.

(4) The state drug-free school advisory committee and district drug-free school advisory boards required under the bill, as received, have been deleted. Your Committee finds that those bodies would only increase paperwork and reduce efficiency, without appreciable gain in effectiveness for the program.

(5) An appropriation of \$200,000 has been inserted for fiscal year 1987-1988. No funding has been recommended for fiscal year 1988-1989. Your Committee intends to review the program and its results and make an appropriate recommendation for funding during the next regular session.

Your Committee is aware of the federal Drug-Free Schools and Communities Act of 1986, under which the governor and department of education will receive federal grants to implement programs similar to those delineated under the bill, as amended. Your Committee, however, feels that the bill will complement the federal Act and intends that the department of education administer the program authorized by this bill in a manner which maximizes the benefits from both programs.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 9, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 9, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 203 Business Development and Pacific Relations on S.B. No. 1758

The purpose of this bill is to enable the Department of Planning and Economic Development to establish reasonable fees for services rendered and products provided to the public.

Specifically, the bill would allow the Department to charge for library services, data base searches, and use of the hyperbaric treatment facility. The moneys collected would be deposited into the general fund.

Your Committee heard supporting testimony from the Department of Planning and Economic Development and finds that this bill would allow the State to recover reasonable costs for services and products provided by the Department in a manner consistent with the authority currently delegated to other state agencies which provide services and products to the public.

Your Committee amended the bill to correct a typographical error.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 1758, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1758, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 204 Business Development and Pacific Relations on S.B. No. 1757

The purpose of this bill is to increase the maximum amount available under the Capital Loan Program from \$250,000 to \$1,000,000.

Your Committee heard testimony by the Department of Planning and Economic Development and finds that since the inception of the Hawaii Capital Loan Program in 1963, it has proven to be an effective means of providing financial assistance to small businesses thereby generating new job opportunities for Hawaii's residents, with the resultant increase in tax revenues inuring to the State. The new maximum would provide for more business opportunities and is consistent with legislative efforts to reduce the cost of doing business in Hawaii.

Your Committee has amended the bill by inserting appropriate amendments to section 210-6, Hawaii Revised Statutes, to accomplish the intent of this measure.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 1757, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1757, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 205 Business Development and Pacific Relations on S.B. No. 1295

The purpose of this bill is to establish an exchange program with Guangdong Province in the People's Republic of China for the purpose of sharing and exchanging knowledge and experience in areas of mutual interest such as economic development, trade, science, education, agriculture, and tourism. The program would be guided by an advisory board and funded by an appropriation of \$25,000 to the Governor's Office for fiscal year 1987-1988.

Your Committee heard supporting testimony from the Department of Planning and Economic Development and finds that Hawaii and Guangdong Province have similar economic and cultural aspirations and have already formed a sister province relationship which links their future prosperities. Your Committee also finds that the exchange program would provide a model for expanding relationships with Hawaii's other sister states and foreign countries, which would enhance Hawaii's position in the Pacific and Asian economic and cultural communities.

Your Committee has amended this bill to allow the program more flexibility in its activities. Specifically, your Committee has:

- (1) Generally rewritten the purpose section for the sake of clarity and brevity;
- (2) Provided for establishment of the program and the advisory board within the Department of Planning and Economic Development rather than the Governor's Office;
- (3) Deleted much of the language relating to specific program activities, in order to allow for innovation and discretion;
- (4) Reduced the advisory board from nine to three members, of whom one shall be appointed by the Governor and one each by the President of the Senate and the Speaker of the House;
- (5) Deleted the expiration dates for the program and the advisory committee;
- (6) Streamlined the duties of the advisory board and authorized it to utilize both private and public resources within the State to plan, develop, and implement the program;
- (7) Provided an additional appropriation of \$25,000 for fiscal year 1988-1989; and
- (8) Made numerous technical and stylistic changes for the purposes of clarity and to convey the intent of your Committee that this program would be most effective if given the maximum flexibility possible without sacrificing responsibility and accountability.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 1295, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1295, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 206 Judiciary on S.B. No. 88

The purpose of this bill is to establish a statewide "one week or one trial" system for jury service. This bill is intended to implement the recommendations in the report made by the National Center for State Courts to the State Judiciary. The National Center was commissioned to study the concerns regarding the jury system expressed in House Resolution No. 127, Eleventh Legislature of the State of Hawaii, Regular Session of 1982.

Your Committee received testimony that the length of jury service required under the current system has caused many prospective jurors to be excused from service because of economic or personal hardship. This has often resulted in under or over representation of certain groups in the jury pool. The bill would significantly reduce the amount of time a person is asked to serve thereby allowing more people to participate in the judicial process. Moreover, it would enable juries to be more broadly representative of the community. This bill would also replace the current jury commission with a clerk and eliminate all statutory exemptions for jury service except for attorneys and judges.

The bill has been amended to change nomenclature from "one week or one trial" to "one day or one trial". This change was made to clarify the original provisions of the bill which provided that prospective jurors would be called to serve either for one day or one trial under the proposed system.

Section 9 of the bill was amended by reducing from one year to six months, the period a grand jury shall serve after being impaneled. The purpose of this amendment is to allow for greater citizen participation in the grand jury process by reducing the economic or personal hardship to prospective jurors resulting from the current one year length of service.

Section 11 was amended by deleting the term "second, third and fifth circuits". The enumeration of those circuits in this section was believed to be unnecessary surplusage.

Section 13 was amended to clarify the situation where a prospective juror is "called to a courtroom but later excused." This situation occurs when a prospective juror is assigned to a courtroom, is not selected to sit in the jury box, and is excused after a jury is impaneled. The amendment would dismiss such a juror from further jury service for the year. Your Committee believes the amendment is consistent with the establishment of a "one day or one trial" system of jury service.

Section 19 was amended by changing the effective date of Sections 2 to 16, from July 1, 1988, to January 1, 1989. This change was made at the request of the Judiciary. Under the current system, the jury commission begins the selection of prospective jurors for 1988, in June 1987. The Judiciary anticipates a significantly greater number of prospective jurors will be required under the proposed system. This amendment will enable the Judiciary to screen a larger pool of prospective jurors in June 1988, to serve under the "one day or one trial" system on January 1, 1989.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 88, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 88, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 207 (Majority) Judiciary on S.B. No. 537

The purpose of this bill is to set up a Hawaii Gaming Commission which will set the rules and conditions for parimutuel wagering by a licensee at an off-track wagering facility.

It is our understanding that the Department of Budget and Finance is engaged in monitoring a study of parimutuel betting, and anticipates the results of the study will be completed during this 1987 session. In order to give the members of the Senate an opportunity to review the study and then decide on the fate of parimutuel wagering, your Committee on Judiciary is passing this bill to the Committee on Ways and Means. However, your Committee recommends that unless the study is completed before the close of the 1987 session, and the study recommends that parimutuel wagering be established in Hawaii, this bill be held in the Committee on Ways and Means.

Your Committee on Judiciary recommends that S.B. No. 537, pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.
Senators Menor, Cobb, George and Reed did not concur.

SCRep. 208 (Majority) Judiciary on S.B. No. 711

The purpose of this bill is to establish a State-wide lottery to be operated by a State lottery commission. Your Committee believes a State lottery is in keeping with the desire of the majority of Hawaii's residents to participate in a lottery with the possibility of winning a substantial prize. The State lottery will also provide revenue to the State to fund programs for law enforcement, child care programs and facilities, and long-term care for the elderly.

The principal argument against this bill is that the State has "no need" for the additional revenues which can be generated by a State lottery. Yet, it is abundantly clear that the apparent surplus in the State General Fund does not mean that all deserving programs can be funded. In fact, existing programs of demonstrated merit cannot be fully funded. Worse, programs to address emerging and serious social problems such as child care services and facilities and long term care for the elderly are destined to receive only "lip service" or at best nominal funding unless additional funding sources are in place.

Recognizing the need for providing funding to new programs which have difficulty competing against established programs for State dollars your Committee has earmarked the revenues to be generated by this bill.

The ever increasing need for funding law enforcement efforts must be met. The problem goes beyond the ever increasing number of crimes. It manifests itself in the inability of the various police departments, the principal law enforcement agencies, to obtain the required funding from their financially strapped county governments.

Your Committee also notes that while much ado has been made about the need to improve education in our State, there has been little discussion, and even less funding, directed at the problem of child care services and facilities. It is surely important in a State with perhaps the highest percentage of working mothers in the nation to deal with the problems of child care.

Your Committee notes that there is a tremendous unmet need for child care prior to a child reaching kindergarten age, as well as for after school programs for school children.

Similarly, even though it is surely a cherished human value to "Honor Thy Mother and Thy Father" more, much more, needs to be done in the area of long term care for the elderly. We need to ensure that we not only adopt policies, but also put into place programs which will give real meaning to our recognition that our State has one of the most rapidly aging populations in the nation, and one of the best longevity records in the world.

Your Committee is confident that by earmarking revenues from the State lottery, funds can be made available to meet the currently unmet needs outlined above.

Your Committee has amended the bill in the following ways:

a) amended Sections -11 and -12 of the new Chapter by increasing the number of members on the commission to provide a "law enforcement" presence. Thus, as amended, the State Attorney General and the chief law enforcement officer of each county will be members of the commission;

b) amended Section -43 of the new Chapter to set a maximum prize of \$1,000,000;

c) amended Section -96 of the new Chapter to provide that the net revenues of the lottery shall be used to benefit specific categories of programs in the State by apportioning 25% to law enforcement, 35% to child care programs and facilities, and 40% to programs for the elderly, to include programs for the chronically ill elderly as well as for day care programs for the elderly;

d) amended Section 3 of the bill to have the legalization of the lottery end, unless renewed, on July 1, 1990.

Your Committee has amended the bill by deleting Section -111 Taxes of the new Chapter which would have exempted from taxation the sale of the tickets or any prizes won. It is the intent of your Committee that the sale of tickets, as well as shares or prizes won be subject to taxation by the State and counties.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 711, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 711, S.D. 1 and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.
Senators Menor, George and Reed did not concur.

SCRep. 209 (Majority) Judiciary on S.B. No. 716

The purpose of this bill is to allow nonprofit organizations to hold bingo games so these organizations can generate funds to operate their programs.

Your Committee finds that many nonprofit religious, charitable, and social service organizations have had their funds cut with the general reduction in funding for social service programs by the federal government. These organizations need to have other sources of revenue to run their programs. This bill will allow such nonprofit organizations to hold only one bingo game a year, for a maximum prize of \$100 per person or a maximum of \$500 as a jackpot prize.

Your Committee heard testimony that there are bingo games being held by nonprofit organizations at the present time. These organizations could be held liable for criminal penalties for violating the State's gambling laws without the protections afforded by this bill. In addition, this bill will establish safeguards and conditions which will limit bingo games to bona fide and licensed nonprofit organizations.

Your Committee has amended the bill to have a limited three-year trial period in which bingo games may be licensed and held. If this bill becomes law in 1987, the right of nonprofit organizations to hold bingo games will end on July 1, 1990.

Your Committee has amended the bill in Section -3(a) of the new Chapter to provide that a senior citizen group be a bona fide group in order to get a reduction of the licensing fee.

Your Committee has amended Section -3(c)(4) of the new Chapter to provide that a nonprofit organization can be the lessee as well as the owner of the premises where bingo is played, but retained the language of the original bill that will prohibit leases where the nonprofit organization has only an oral agreement or has a written agreement where the rental is

dependent on the amount of bingo receipts realized.

Your Committee has also amended the bill so that no persons preparing, assisting with, or conducting the bingo game shall be compensated.

Your Committee has amended the bill by removing language referring to Section 235-2.4(c), Hawaii Revised Statutes in order that the bingo game income will be taxable. In like manner, your Committee has amended the bill by deleting any reference to Section 237-23(b), Hawaii Revised Statutes. The bill would have exempted the income from bingo games held by nonprofit organizations from taxation. Your Committee believes the primary purpose of such bingo games would be to produce income, and intends such activities to be taxable.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 716, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 716, S.D. 1 and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.
Senators Menor, George and Reed did not concur.

SCRep. 210 Culture, Arts and Historic Preservation on S.B. No. 1309

The purpose of this bill is to appropriate \$150,000 for fiscal year 1987-1988 to the E'ala Project in Waianae.

The funds will be used to implement the second phase of the twenty-five year plan for historic preservation in Waianae.

Your Committee heard supporting testimony and finds that through their summer youth employment and training program, E'ala has contributed to the positive development of the youth in the Waianae Community.

Your Committee on Culture, Arts, and Historic Preservation is in accord with the intent and purpose of S.B. No. 1309 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 Hagino and Reed

SCRep. 211 Culture, Arts and Historic Preservation on S.B. No. 733

The purpose of this bill is to appropriate funds to restore and renovate the Waikiki Natatorium.

Your Committee finds that the Waikiki Natatorium was erected as a "living" memorial to honor people from Hawaii who died in World War I and to encourage Hawaii's youth to take up a major international sport in which Hawaii was then considered supreme—swimming. An architectural competition was held to obtain a design, and construction of the winning design was completed in 1927. The Natatorium has since become an integral part of Hawaii's aquatic history and has been placed on the Hawaii Register of Historic Places. Once the site of renowned swimming meets, the Natatorium has deteriorated as a result of the inexorable toll of time and elements on its structure, which, for lack of interest or money, or both, has not been maintained, and the continued existence of the Natatorium is threatened.

This bill will serve to return the Natatorium to its past glory and once again be the object of pride and affection, to serve not only to honor our war dead but to also provide a recreational facility of national stature.

Your Committee on Culture, Arts, and Historic Preservation 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 Ways and Means.

Signed by all members of the Committee except Senators Hagino and Reed.

SCRep. 212 Corrections on S.B. No. 646

The purpose of this bill is to legally establish the basis for the Department of Health to provide mental health services inside correctional facilities.

Mental health services have been provided to correctional institutions by the Mental Health Division of the Department of Health for over twenty years. However, this has been done only by agreement. This bill would require the Department of Health to provide mental health

services to those individuals who are incarcerated in correctional facilities.

Presently, the working arrangement between the Department of Social Services and Housing and the Department of Health could be potentially altered by a Director of Health and necessary mental health services could diminish since there is no statutory mandate.

By case law, proper health services must be provided to prisoners of state correctional facilities and the enactment of this bill would ensure the delivery of mental health services to inmates.

Your Committee received support of this bill from all testimonies, including the Department of Social Services and Housing and the Department of Health. The Director of Health further indicated that clarification should be made with respect to providing mental health services to only those in need of the service.

Your Committee, upon consideration of the bill, adopted the recommendation of the Department of Health by amending Section 1 of the bill by inserting the word "necessary" between the words "provide" and "mental" on line 5.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 646, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 646, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 213 Tourism and Recreation on S.B. No. 1765

The purpose of this bill is to enable the transfer of park lands between the State and the counties, including the transfer of related improvements, personnel, equipment, and other resources.

Act 38, Session Laws of Hawaii 1984, authorized the transfer of several parks between the State and the City and County of Honolulu, but prohibited the transfer of personnel or equipment. Act 38 also indicated future exchanges would have to be approved individually. This bill would provide greater flexibility in effecting transfers and allow resources and personnel to be utilized to maximum potential.

Your Committee has amended the bill by making technical changes which have no substantive effect.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 1765, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1765, S.D. 1, and be referred to the Committee on Government Operations.

Signed by all members of the Committee except Senator Kuroda.

SCRep. 214 (Majority) Health on S.B. No. 986

The purpose of this bill is to add a new chapter to the Hawaii Revised Statutes which would expand third party medical coverage to include alcohol and drug abuse and mental health services provided in licensed and accredited facilities.

According to the 1984 Statewide Household Survey, 85,515 adults in Hawaii are potential alcohol abusers and 40,841 are potential drug abusers. The Survey also reports that 86,101 adults exhibit psychiatric symptomatology and 19,145 exhibit severe psychiatric symptomatology. Based on national data, the cost to Hawaii from alcohol and drug abuse is estimated at \$723,320,000 and the costs associated with mental illness are \$298,380,000. Over half of these costs are due to lost employment and productivity within the work force.

Your Committee received testimony in support of this bill from the Director of Health, Hawaii Psychological Association, Child and Family Service, Hawaii Nurses' Association, and many others. Your Committee also received testimony from the Department of Commerce and Consumer Affairs which indicates that there are precedents for proposals such as this in the Hawaii Revised Statutes and that they do not oppose this concept from the standpoint of the insurance code.

Your Committee finds that eighty-five percent of the American population has either public or private health insurance coverage, and that seventy-five percent of those covered are insured privately. Since private coverage is so extensive, the level to which such coverage is or is not provided for alcoholism, drug dependence, and mental health treatment has a major

impact on health care costs and on the level and type of services delivered in these fields. Therefore, your Committee finds that this measure constitutes an effective, responsible, and humane social policy and is consistent with legislative efforts to provide for the public health.

Your Committee has amended the bill by providing that alcohol or drug dependence services shall be provided by licensed physicians or psychologists certified pursuant to Chapter 321, Hawaii Revised Statutes. The bill has been further amended to delete incorrect references to section -6 in sections -2 and -6 of the proposed new chapter.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 986, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 986, S.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.
Senator George did not concur.

SCRep. 215 Health on S.B. No. 408

The purpose of this bill is to exempt from the general excise tax amounts received from the sale of health aid devices or appliances and amounts received by health care facilities and licensed practitioners.

Currently, prosthetic devices are excluded from the tax, but do not include auditory, ophthalmic, dental, or ocular devices or appliances. Nonprofit hospitals, infirmaries, and sanatoria are also excluded. This bill would exclude ophthalmic or ocular devices, hearing aids, dental appliances, and devices to aid mobility as well as all income received by medical facilities or licensed practitioners, whether in business for profit or not.

Your Committee heard testimony from the Director of Health and the Director of Taxation and finds that exclusion of health aid devices or appliances and all medical and health care services would cost the State an estimated \$50,000,000 in revenues over the next two years, an amount which your Committee finds excessive even in the best of times. However, your Committee also believes that some relief should be extended to people who require the use of health aid devices or appliances because such people are likely to be elderly and subsisting on fixed or low incomes. Therefore, your Committee has amended the bill by deleting the exemption for profit-making health care facilities and licensed practitioners and retaining the exemption for hearing aids, dental appliances, and devices to aid mobility. Your Committee believes that such action will benefit the people who need it most without unduly reducing the tax base.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 408, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 408, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 216 Health on S.B. No. 724

The purpose of this bill is to require the Department of Health to administer a test for the AIDS antibody to anyone arrested for prostitution.

Your Committee received several testimonies from citizens and organizations opposing mandatory AIDS testing. However, the Honolulu Police Department testified in favor of this measure, as did others.

After considering all the testimony and the facts available at this point in time, your Committee is of the opinion that the spread of AIDS is no longer confined to the gay community or drug users who use intravenous injections. It is apparent that AIDS can be spread through heterosexual contact, and it is reasonable to believe that a prostitute, whether male or female, is capable of infecting many persons without being aware of it. Therefore, your Committee has decided to approve an amended version of this bill to allow for further discussion. As amended, the bill would allow the Department of Health, at its discretion and with the approval of the arresting agency, and if sufficient resources are available, to

- (1) Counsel or inform anyone arrested for prostitution on the facts relating to the HIV virus;
- (2) Test anyone arrested for prostitution for HIV infection, if the person consents in writing; or

- (3) Test all persons convicted of prostitution.

Your Committee has also amended the bill by adding a severability clause.

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 Judiciary.

Signed by all members of the Committee.

SCRep. 217 Health on S.B. No. 1130

The purpose of this bill is to require the testing of all inmates of state correctional facilities for acquired immune deficiency syndrome (AIDS) or acquired immune deficiency syndrome-related complex (ARC), and place those who test positively under the care of the Director of Health.

In its consideration of this bill, your Committee heard testimony from many individuals and organizations, some in favor and some against. While the subject of mandatory testing is controversial, it is also apparent that AIDS and ARC are spreading, and that many prison inmates come from groups which are at high risk for infection, including gay and bisexual men, intravenous drug abusers, and prostitutes. Also, prisons are places where homosexuality is common. This combination of factors provides an opportunity for explosive spread of the virus within the institutions, and when the inmate is released, the virus will have found yet another route into the general population.

Therefore, considering its mission to provide for the public health and welfare, your Committee has decided to approve this bill in an amended version. As amended, this bill would authorize the medical officer of a correctional facility to test every convicted person for the presence of acquired immune deficiency syndrome viral antibodies or HIV virus. It is the intention of your Committee that this measure, as amended, shall provide a vehicle for further discussion and refinement, especially as it relates to corrections.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1130, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1130, S.D. 1, and be referred to the Committee on Corrections.

Signed by all members of the Committee.

SCRep. 218 Health on S.B. No. 371

The purpose of this bill is to require the posting of warning signs at all licensed premises which sell beer, wine, or liquor stating the dangers of consuming alcohol during pregnancy.

Your Committee heard supporting testimony from the Director of Health, the Hawaii Medical Association, the American Indian Services Corporation, and others, and finds that this is one of many preventive steps which should be taken to reduce the negative impact of fetal alcohol syndrome and fetal alcohol effects.

Your Committee wishes to note that the Director of Health has indicated that the Department would absorb the cost of preparing the signs for distribution.

Your Committee has amended the bill by:

- (1) Deleting the penalty provision in the proposed new section. Chapter 281 already contains penalty provisions for violations in Sections 281-91 and 281-102.
- (2) Removing the requirement that the warning sign contain a telephone number which customers can call to obtain more information regarding the dangers warned of in the sign. The amendment was made on the suggestion of the Director of Health so as not to cause confusion if the phone number should change;
- (3) Adding language specifying the minimum size of the warning sign; and
- (4) Making technical and minor language changes which have no substantive effect.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 371, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 371, S.D. 1, and be referred to the Committee on Government Operations.

Signed by all members of the Committee.

SCRep. 219 Health on S.B. No. 1734

The purpose of this bill is to provide for the establishment of adult foster homes and the certification and regulation thereof by the Department of Health.

The bill would provide the means for developmentally disabled individuals to remain with their foster families upon reaching age eighteen and would also permit other developmentally disabled adults to be placed in adult foster homes as a community based residential alternative. An appropriation of \$37,000 is provided to the Department of Health to regulate adult foster homes throughout the 1987-1988 fiscal year.

Act 328, Session Laws of Hawaii 1986, provided for a one year provisional certification of adult foster care homes and a study which is now before the legislature. The study recommends the establishment of adult foster homes, and this bill would implement that recommendation.

Your Committee received supporting testimony from the Director of Health, the Easter Seal Society of Hawaii, the Chairman of the State Planning Council on Developmental Disabilities, the Commission on the Handicapped, Handicapped Network, and several foster parents, and finds that almost all developmentally disabled minors currently in child foster homes will need adult foster care upon reaching eighteen years of age. Your Committee also finds that developmentally disabled adults who are not in foster homes may need foster care placement in the future. The key element to successful care of developmentally disabled individuals is continuous care and positive relationships with the foster family which would be jeopardized without this measure.

Your Committee has amended the bill by deleting the word "care" from line 7, page 8 as introduced, to be consistent with other references in the bill to "adult foster homes," and by making technical changes which have no substantive effect.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1734, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1734, S.D. 1, and be referred to Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 220 (Majority) Judiciary on S.B. No. 922

The purpose of this bill is to conduct a study of the feasibility of the Aloha State Bond Lottery.

Your Committee received testimony that the Aloha State Bond Lottery provides an alternative to the traditional lottery programs considered by the Legislature. The proponents of this lottery program noted that the bond lottery entitles the holder of the bond to participate in the drawing as long as the person holds the bond. The bond lasts for the life of the lottery and is freely assignable. The bond holder may at any time redeem the bond and relinquish the right to participate in the contest.

Your Committee believes this lottery should be evaluated with other proposed lotteries. Therefore, your Committee has amended this bill to appropriate a sum of \$20,000 for the Department of Budget and Finance to conduct a study on the feasibility of the Aloha State Bond Lottery.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 922, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 922, S.D. 1 and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.
Senators George and Reed did not concur.

SCRep. 221 Judiciary on S.B. No. 154

The purpose of this bill is to establish a computerized fingerprint identification system through the purchase of an automatic fingerprint identification system.

Your Committee has received testimony from law enforcement agencies that this system would be an important investigative tool which would modernize and increase the speed and accuracy of criminal investigations involving fingerprints.

Your Committee found that the criminal identification functions are primarily shared by the Office of the Attorney General and the Honolulu Police Department. For example, while the Attorney General is, by statute, responsible for selecting and enforcing systems of identification for all persons arrested or charged with a criminal offense, the Records and Identification Division of the Honolulu Police Department serves as the State's central repository for all criminal identification matters and maintains a statewide file of fingerprint cards.

Section 2 of this bill was amended by deleting the requirement that the attorney general shall "purchase, install, operate, and maintain the automatic fingerprint identification system." This amendment is intended to give the attorney general flexibility to coordinate with other state, federal and county law enforcement agencies as to the purchasing, installation, operation and maintenance of the system.

Section 3 was amended to change the fiscal year for which the appropriation is made, from fiscal year 1987-1988 to 1988-1989. This change was made for the specific purpose of providing sufficient time for the attorney general and other law enforcement agencies to coordinate a plan for the establishment of the system (which is to be completed before the next Legislative session) before actual implementation.

The bill was further amended to include an appropriation in the amount of \$3,000,000. This appropriation was made to indicate a commitment to the establishment of this system.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 154, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 154, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Kuroda.

SCRep. 222 (Majority) Judiciary on S.B. No. 1136

The purpose of this bill is to establish a Presidential Preference Primary election for Hawaii. This bill will implement, for the first time, the provisions of Article II, Section 9, of the Hawaii State Constitution which allows the Legislature to statutorily authorize such an election.

Your Committee heard testimony presented by the Office of the Lieutenant Governor, the Democratic Party of Hawaii, and the Republican Party of Hawaii.

Your Committee found that in addition to providing a new avenue for opening up the election process, a Presidential Primary would have several other benefits, including the following:

- a. The general population of the state will be able to participate directly in the Presidential nomination process which is currently the domain of select party members.
- b. The election will focus national attention on Hawaii and the Asia-Pacific region, as well as provide candidates with a natural forum to discuss various foreign policy issues.
- c. There may be spin-off economic benefits, including campaign expenditures, and publicity on network news.
- d. Conducted by mail, this election is expected to have a high voter participation rate at a low cost, and will clean up the voter rolls months before the 1988 local primaries.

As proposed, candidates will be placed on the ballot by the Chief Election Officer or by petition, and the results will be proportionately binding on party delegates unless otherwise provided by national party rules.

Your Committee has amended the bill such that if party rules preclude the binding of delegate votes, the delegates shall, in good conscience, vote to reflect the sentiments of the voters based on the results of the Presidential Primary.

Your Committee has further amended the bill by setting the date of the election, the date for closing registration for the election, and the date for announcing the results of the election. Registration will close thirty days before the date of the election. For the mail election, the closing of the polls shall be the specified date of the election, May 24, 1988, and the results are to be announced no later than five working days after the closing of the polls.

Conducting the Presidential Primary by mail would provide a unique "window" for campaigning between the time ballots are mailed out and the time they are received. If the tentative schedule for other states' caucuses and primaries remains unchanged, these dates would position Hawaii's Presidential Primary in the interim between the Nebraska primary on May 10, and the California primary on June 7. Because the 1988 Presidential races are anticipated to be hotly contested within both major parties, the relatively late date will not

jeopardize the significance of Hawaii's primary, instead, it is the belief of your Committee that Hawaii may be in the advantageous position where its delegate votes could make the marginal difference between a candidate's winning or losing the nomination.

To cover the cost of the mail election, your Committee has further amended the bill in Section 5 to include a general fund appropriation of \$650,000 for fiscal year 1987-88.

Other technical amendments have been made, including correction of a typographical error in the findings and purpose clause, and requiring that a candidate's political party be identified on a petition for being placed on the Presidential Primary ballot.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1136, as amended herein, and recommends that it pass Second Reading in the form hereto as S.B. No. 1136, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Kuroda.
Senators George and Reed did not concur.

SCRep. 223 Tourism and Recreation on S.B. No. 1190

The purpose of this bill is to establish a revolving fund for the Hawaii Visitors Bureau's data base marketing program.

Your Committee finds that the data base marketing program of the Hawaii Visitors Bureau provides the Bureau and the visitor industry with valuable information such as potential visitors' names, addresses, travel habits, experience with Hawaii, and intentions to travel to Hawaii. This information can be used by the Hawaii Visitor Bureau and the visitor industry to more effectively promote tourism to Hawaii and greatly enhances their ability to attract specific segments of the visitor market.

Your Committee believes that the establishment of a revolving fund within the Hawaii Visitors Bureau would encourage the recovery of the data base marketing program's costs as well as provide additional funds which can be used to improve and expand the program. Your Committee further believes that the establishment of a revolving fund within the Bureau would avoid confusion and eliminate any need to return the moneys received from the data base marketing program to the State General Fund.

Finally, it is the intent of this Committee that the moneys received by the Hawaii Visitors Bureau as a result of sales of data base materials and services shall not be considered taxable income nor adversely affect the Bureau's tax status as a non-profit organization.

Your Committee has amended the bill by making technical changes which have no substantive effect.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 1190, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1190, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Kuroda and Nakasato.

SCRep. 224 Consumer Protection and Commerce on S.B. No. 361

The purpose of this bill was to update and revise Hawaii's insurance laws as provided in Chapter 431, Hawaii Revised Statutes.

In 1985, the legislature provided funds to the Insurance Commissioner for a comprehensive review of Chapter 431. The report on that review, along with recommendations for revisions, was submitted to the legislature along with S.B. No. 1080, which represents the complete rewrite of Chapter 431.

This bill consists of twenty-four sections which, if adopted, would be added to S.B. No. 1080. The new sections are designated in accordance with the system utilized in the Uniform Commercial Code, Chapter 490, Hawaii Revised Statutes. These sections would authorize the establishment of a commissioner's education and training fund into which rate filing fees would be deposited and expended for staff education and training, and amend various requirements, rates, fees, and limits relating to capital deposits, investments, tax rates and tax credits, interest, premium rates, rate filing and rating plans, motorcycle and motorscooter policies, title insurance, guarantee funds, reinsurance reserves, and loss and expense reserves under the insurance law.

Your Committee has amended the bill by adding paragraph (3) to section 431:2-214, which reads "Per diem compensation at a rate customary for such compensation; and". This material was inadvertently omitted from S.B. No. 361, S.D. 1. Your Committee has also amended the bill by changing the deadline for submitting rate filings to the commissioner from sixty days to thirty days before the proposed effective date of the filing (page 31, line 11). Your Committee has further amended the bill by making technical changes which have no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 361, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 361, S.D. 2, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Kuroda, Ikeda and A. Kobayashi.

SCRep. 225 Consumer Protection and Commerce on S.B. No. 104

The purpose of this bill is to eliminate the statutory ceiling on liens placed on motor vehicles for repair work and materials.

Present law places a ceiling of \$500 on such liens unless the legal or registered owner has consented to the work done and materials furnished.

Your Committee finds that removing the lien ceiling is justified because section 437B-15, Hawaii Revised Statutes, requires motor vehicle repairers to provide consumers with a written estimated price on labor and parts necessary for a specific repair.

However, testimonies submitted by the Hawaii Automotive & Retail Gasoline Dealers Association and the Hawaii Business League point out the need to include in the statute specific reference to both the registered owner and the legal owner of the motor vehicle because if a loan is in force the registered owner will be different from the legal owner, and it is the registered owner who is the consumer in repair work. Therefore, your Committee has amended the bill by inserting the words "legal or registered" between the words "the" and "owner" on line 5.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 104, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 104, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Kuroda, Ikeda and A. Kobayashi.

SCRep. 226 Consumer Protection and Commerce on S.B. No. 616

The purpose of this bill was to authorize the Board of Private Detectives and Guards to conduct criminal history checks on all applicants for licensure and new employees of licensees through the Hawaii Criminal Justice Data Center.

Under current law, applicants for licensure as private investigator or guard, or employees of individuals so licensed, must undergo criminal history checks conducted by the county police departments. Under this bill, the Hawaii Criminal Justice Data Center would provide the criminal history information to the Board for appropriate action.

Your Committee received testimony from the Board of Private Detectives and Guards and the Honolulu Police Department and finds that a more thorough records check can be made by the Hawaii Criminal Justice Data Center because the Data Center is responsible for maintaining a statewide system for collecting and disseminating such information.

Your Committee also finds that the process of obtaining criminal history checks should be expedited as much as possible, without violating any individual's right of privacy. Therefore, your Committee has amended the bill by providing that criminal histories may be obtained by the employer or prospective employer directly from the Hawaii Criminal Justice Data Center for presentation to the Board, as long as the employer obtains written permission from the employee or prospective employee and attests to the Board that the employee or prospective employee is or will be employed in a guard or investigative capacity.

Your Committee has also amended the bill by deleting the requirement that the good moral character of an applicant for licensure be attested to by three reputable citizens, and by authorizing an appropriation of \$18,000 for the Hawaii Criminal Justice Center to carry out the purposes of the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 616, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 616, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Kuroda, Ikeda and A. Kobayashi.

SCRep. 227 (Joint) Health and Human Services on S.B. No. 1451

The purpose of this bill is to extend the Nursing Home Without Walls Project for two years.

The Nursing Home Without Walls Project was established in 1983 to provide comprehensive extended home services for the chronically ill and disabled residents of Hawaii in their homes. The Project reduces the possibility of prolonged institutionalization or the inappropriate utilization of scarce institutional beds, as well as the concomitant high costs and other associated adverse social and medical implications of institutionalization.

Besides extending the Project for two years, the bill also changes the status of the Project to a Program, adds clients certified as requiring "acute" care as eligible to enter the Program, deletes the exception which allows the ceiling to be raised on total Program expenditures for Hawaii, Kauai, and Maui counties, and requires the Program to be licensed or certified by the proper authority.

Your Committees have amended the bill by:

- 1) Adding "which is compatible with preserving quality of care" to section 5, subsection (b) under Provision of services;
- 2) Removing the term "nonprofit" from section 5, subsection (b), paragraph (2) to allow for-profit organizations to compete for contracts made available by the Project; and
- 3) By changing the term "patient" to "client" as it appears in the bill.

Your Committees on Health and Human Services are in accord with the intent and purpose of S.B. No. 1451, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1451, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees.

SCRep. 228 (Joint) Health and Human Services on S.B. No. 515

The purpose of this bill is to establish a program, funded through appropriations of moneys raised through surcharges on the fees for obtaining copies of birth certificates and marriage licenses, to award grants to innovative projects to prevent child abuse and neglect.

This bill provides a mechanism for awarding grants for innovative projects to prevent the incidence of child abuse and neglect in Hawaii and will help to meet the need for increased public education as well as services for individuals at risk of abusing or neglecting their children.

In addition, this bill will provide a stable source of funding for the abuse and neglect prevention service. Monies for prevention services in our State have, in the past, been sparse while the number of abuse and neglect cases continues to climb each year.

Your Committees received numerous testimonies, all of which were in support of this bill. There were requests that the bill be strengthened by amending certain sections.

Your Committees, upon consideration of the bill and review of all testimonies, amended the bill as follows:

- 1) Made the surcharge permanent to provide for a stable funding source for preventive services;
- 2) Extended the appropriation period to a two-year period and deleted the specific amount appropriated in order to allow the Committee on Ways and Means to set the level of funding;
- 3) Deleted the section on the "Authority to disburse monies";

- 4) Made statutory changes for the inclusion of surcharges; and
- 5) Clarified the term "prevention services".

Your Committees on Health and Human Services are in accord with the intent and purpose of S.B. No. 515, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 515, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees.

SCRep. 229 Human Services on S.B. No. 1429

The purpose of this bill is to make substantive changes in the procedures for conducting investigations into allegations of provider fraud and abuse in the Hawaii Medical Assistance (Medicaid) Program.

This bill would impose certain restrictions and limitations on the circumstances under which a Medicaid provider could be suspended and terminated from participation in the Medicaid Program. Further, the bill clearly defines the difference between abuse and fraud as well as provides a reasonable mechanism for the Medicaid Fraud Unit to resolve complaints with minimal interference to providers rights, including their presumption of innocence until proven guilty.

Your Committee received numerous testimonies in support of this bill, as well as objections to the bill from the departments of the Attorney General and Social Services and Housing.

Your Committee, upon review of this bill and all testimonies, believes that serious concerns about current practices of the Medicaid Fraud Control would be eliminated with the passage of this bill.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1429 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 230 Judiciary on S.B. No. 1143

The purpose of this bill is to increase the per day compensation for each board member from \$45 to \$50 each day of actual service and to authorize reimbursement of expenses incurred by board members in the performance of their duties.

This bill is intended to encourage qualified persons to become or remain members of the State's four Board of Registration.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1143, 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 Kuroda.

SCRep. 231 (Majority) Judiciary on S.B. No. 1140

The purpose of this bill is to make the voter registration process more convenient by amending Sections 11-15 and 11-16, Hawaii Revised Statutes, to provide for a self-subscribing oath in the registration process and to allow voter registration by mail.

This bill is intended to aid the expansion of voter registration rolls and enable the disabled, home-bound and overseas citizens to register to vote. This bill will also make it easier for county clerks to update and maintain voter registration rolls and for citizens to re-register after moving within the State.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1140, 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 Kuroda.
Senator Cobb did not concur.

SCRep. 232 Judiciary on S.B. No. 1158

The purpose of this bill is to increase the salary of the State public defender.

Your Committee agrees with the Department of Budget and Finance's recommendation that the State public defender's salary be commensurate with the current annual salary of first deputies or assistants to executive department heads.

Your Committee on Judiciary 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 Ways and Means.

Signed by all members of the Committee except Senator Kuroda.

SCRep. 233 Judiciary on S.B. No. 1424

The purpose of this bill is to increase the compensation to appointed counsel and guardians ad litem for legal representation of indigents.

Your Committee is in agreement with the Ad Hoc Committee on Fees of Court-Appointed Private Counsel, appointed by the Chief Justice of the Hawaii Supreme Court, which recommends an increase in the fees for court-appointed private counsel and guardians ad litem in order to provide reasonable compensation.

Your Committee is in accord with the intent and purpose of S.B. No. 1424, 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 Kuroda.

SCRep. 234 Judiciary on S.B. No. 1443

The purpose of this bill is to raise the amount of compensation to appointed counsel for legal representation of indigent criminal defendants.

Your Committee has received testimony that the current compensation rates are below those provided in the Federal system, and fails to provide reasonable compensation in extended or complex criminal litigation.

Your Committee is in accord with the intent and purpose of S.B. No. 1443, 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 Kuroda.

SCRep. 235 Judiciary on S.B. No. 880

The purpose of this bill is to raise the statutory ceiling on the salary of the attorney general.

Your Committee recognizes the necessity of recruiting and securing the most qualified candidates for the position of attorney general. After all, the Attorney General heads the largest "law firm" in the State.

Many highly qualified attorneys from the private bar are discouraged from considering the position of attorney general because of the substantial discrepancy between the current salary and salaries available in the private sector. Many attorneys of the highest caliber often command salaries which exceed \$150,000.

This bill is intended to give the executive branch flexibility to compensate those persons who make substantial financial sacrifices in order to be of service to the State. For that reason, your Committee strongly believes that only those persons appointed to the position of attorney general who relinquished income greater than the salary available under the proposed bill should be compensated at levels in excess of that received by other department heads.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 880, 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 Kuroda.

SCRep. 236 Judiciary on S.B. No. 1103

The purpose of this bill is to reestablish the Fourth Judicial Circuit in Kona on the island of Hawaii.

The Third Judicial Circuit currently comprises the entire island of Hawaii with three circuit court divisions and three district court divisions. The Third Judicial Circuit maintains its administrative and legal research facilities in Hilo, while providing a circuit and district court

division in Kona.

Your Committee received testimony that the growth of West Hawaii and the practical difficulties posed by the geographical distance between Hilo and Kona supports the reestablishment of this circuit. For example the filing of documents in Hilo for cases heard by the circuit court in Kona often causes delay and added expenses to attorneys and their clients in West Hawaii. This bill would provide judges and attorneys in West Hawaii with the administrative support and legal research facilities which are now available only in Hilo.

It is your Committee's intent that the financial resources required to reestablish the new Fourth Judicial Circuit be provided in the Judiciary budget.

This bill was amended to place the Kona circuit and district courts under the jurisdiction of the reestablished Fourth Circuit. Accordingly, section 603-4 HRS was amended to provide that the Third Circuit shall consist of two circuit judges and the Fourth Circuit shall consist of one judge. Similarly, section 604-1 HRS was amended to provide that the district court of the Third Circuit shall consist of two judges and the district court of the Fourth Circuit shall consist of one judge.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1103, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1103, S.D. 1 and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Kuroda.

SCRep. 237 (Majority) Judiciary on S.B. No. 1510

The purpose of this bill is to provide a plan for certification of attorneys in certain fields of law. This bill is intended to improve the quality of legal services and to assist the public in choosing competent legal counsel.

Attorneys are currently permitted to advertise that they specialize or have experience in a wide range of legal fields. Yet there is no mechanism for ensuring that attorneys are in fact specialists with expertise in such fields. As a result, those seeking legal services do not have an objective basis for determining which attorneys are best qualified to serve their legal needs. Moreover, the increasing complexities involved in the practice of law had made it increasingly difficult for individual attorneys to practice law with reasonable competence without some type of specialization program.

This bill would establish a plan for certifying an attorney as a "board certified specialist" in certain fields after the attorney meets certain licensing, testing, continuing legal education, peer review and proof of experience requirements. Thus, the public would be able to seek out attorneys who have met certain standards evidencing a level of competence in a particular area of law.

Your Committee received testimony from the Attorney General, Judiciary, and the Hawaii State Bar Association (HSBA) that supports the concept of certification of attorneys in certain fields of law. The Judiciary noted that the November 1986 Hawaii Judicial Conference established a Committee on Legal Specialization to study this subject and to report to the Supreme Court in the future. The HSBA also noted that its Standing Committee on Lawyer Competence, Specialization and Continuing Legal Education is currently conducting studies on the subject.

Although the Judiciary and HSBA testified that they are engaged in an active study on the issue of legal specialization, your Committee notes with concern that legal certification has been actively studied by the Hawaii Bar and the American Bar Association in the past with no positive movement toward certification of attorneys in special fields.

Your Committee believes that certification of legal specialists in Hawaii is long overdue. There exists a genuine need for a certification plan that would improve the quality and competence of attorneys and which would also assist the public in selecting attorneys who are competent in certain fields of law.

Your Committee is cognizant of the efforts of the Judiciary and the HSBA and will review any study, recommendation, or certification program they develop before the effective date of this act.

This bill was therefore amended to change the effective date of the act, from January 1, 1988 to January 1, 1989. The purpose of this change was to give the Judiciary and the HSBA sufficient time to complete their studies prior to the next Legislative session.

This bill was further amended to provide an appropriation of \$25,000 out of the general revenues of the State to finance the legal specialization program. The purpose of this appropriation is to cover initial start-up costs of the plan until fees from applicants and participants in the plan are received in amounts necessary to defray the expense of administering the plan.

Accordingly, section 11, was amended to indicate that the financing of the plan of legal specialization shall be derived "principally" from applicants and participants in the plan.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1510, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1510, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Kuroda.
Senator George did not concur.

SCRep. 238 Judiciary on S.B. No. 1147

The purpose of this bill is to establish a Fair Campaign Practices Commission which receives, reviews and issues findings on complaints of unfair campaign practices.

Your Committee finds that there is a need to address the subject of unfair campaign practices and that establishment of this Commission will provide recourse for those who believe such practices have occurred. Currently, there is no public agency which deals specifically with complaints of unfair campaign practices.

Your Committee understands that this subject is a complex matter and that a delicate balance must be maintained. Hard fought campaigns enhance the electoral process and, therefore, care must be taken to allow healthy competition and open discussion of both issues and candidates' qualifications. On the other hand, appropriate measures are needed to ensure that candidates and committees refrain from practices which would cloud the issues in a campaign or unfairly attack opponents.

There are many ways to approach the subject besides establishment of a separate commission. However, your Committee supports a separate commission acting as a "referee" because such a commission is best suited to maintain this delicate balance. Furthermore, your Committee believes that public disclosure of unfair practices rather than penalties and/or other sanctions are more appropriately addressed through this process. Fines and other deterrents to unfair campaign practices can and will be addressed through criminal and civil sanctions.

Under this bill, the members of the Commission will be appointed by the Governor from a list of names submitted by the Judicial Council in a manner similar to the procedure for selection of members of the Ethics Commission and Campaign Spending Commission. The Commission shall develop a fair campaign practices code which shall be applicable to candidates, political parties and committees.

Your Committee has amended the bill to provide more specific standards on which the fair campaign practices code will be based. Testimony received by your Committee indicated that standards in the original bill were unduly vague.

Also, your Committee has amended the bill to provide that if the Commission finds sufficient cause, it will hold a public hearing on a complaint before it issues public findings.

Your Committee has provided \$25,000 in fiscal year 1987-88 and \$75,000 in fiscal year 1988-89 to cover the expenses of the Commission. Your Committee believes that the Commission should be a part-time body that is activated during the election period.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1147, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1147, S.D. 1, and be referred to the Committee on Ways and Means.

Finally, your Committee has made various technical amendments for clarity and style.

Signed by all members of the Committee except Senator Kuroda.

SCRep. 239 (Majority) Judiciary on S.B. No. 1735

The purpose of this bill is to appropriate funds from the general fund and the General Obligation Bond Fund to satisfy claims against the State. These claims are for various refunds, reimbursements, and payments for judgments and settlements.

Your Committee is concerned that there is no accountability on the part of either the State departments or their employees for the liabilities created. It is clear from testimony by the Attorney General that there has been little or no attempt to hold the departments responsible for their activities or their lack of supervision which have resulted in these claims.

Year after year certain departments have an inordinate number of claims made against them. Yet little or no action is apparently taken to limit liability on the part of the State by corrective action. This problem is highlighted by the claims made against the Highways Division of the Department of Transportation. This year 23 of the 47 claims against the State were against the Highways Division. Worse, five of the claims were for accidents on the Honoapiilani Highway and four on the Hana Highway. Certainly, these are not the first claims from accidents occurring on those highways.

Your Committee believes that some mechanism must be developed to provide the incentive for the Highways Division, and indeed all State agencies, to vigorously take corrective and educational action to limit the recurrence of similar incidents. Certainly with over 8 million dollars in claims (of \$9,327,403.72 in claims to be paid by this bill) against the Highways Division, something must be done to impress upon the Highways Division that they must do more to correct highway conditions so as to reduce highway related claims. One way to remind them of their responsibility to build and maintain safe highways is to require the Highway Fund to pay for claims directly resulting from their fault or negligence.

This bill already recognizes the concept of having the department or agency which created the conditions leading to the claim to pay for the claim. Thus, the bill appropriates \$2,640,000 of the general obligation bond funds of the State to be reimbursed by the Highway Fund to pay for settlement of claims in Moseman Construction Company v. State of Hawaii. Your Committee fully agrees with this concept. Therefore, your Committee has changed the manner of funding the claims so that those agencies funded by special funds will pay claims from those special funds. As a result, the Highway Fund will be liable for \$8,027,443.20 and the Harbor Fund for \$70,000.00.

Furthermore, your Committee recommends that for the 1988-1989 fiscal year, and in future years, the departments against which any claims are brought should be made to include in their operating budget any amounts necessary to pay claims for which they are responsible. In this manner, your Committee believes the departments, the subject matter committees in the Legislature, and the general public will be made more aware of the yearly costs the State faces from claims, many of which could be avoided.

Your Committee has amended to \$275,000.00 the amount to be paid to settle the case of Balch v. State, Civil No. 07029(1), Second Circuit. The Attorney General provided testimony that the amount shown in the bill was a clerical error.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1735, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1735, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Kuroda.
Senators Menor, George and Reed did not concur.

SCRep. 240 Consumer Protection and Commerce on S.B. No. 1080

The purpose of this bill is to update and revise Hawaii's insurance laws.

In 1985, the legislature provided funds to the Insurance Commissioner for a comprehensive review of the insurance laws of the State. The report on that review, along with recommendations for revisions, was submitted to the legislature along with this bill, which represents a complete reorganization of Chapter 431 and Chapter 432, Hawaii Revised Statutes.

Your Committee heard testimony from the Insurance Commissioner that although the report proposed substantive changes and major new additions to the insurance law, this bill, on the whole, does not reflect such proposed changes and additions. Your Committee notes that the proposals for substantive changes have been incorporated into two separate vehicles, S.B. No. 361, S.D. 2, and S.B. No. 1525, S.D. 1.

With respect to the recodification proposed in this bill, existing Chapters 294, 431, 431A, 431D, 431F, 431H, 431J, 432, 433, 434, and 435 would be consolidated into two chapters, 431 and 432. Chapters are divided into articles, which are further divided into parts, and further into sections. The format for the numeration follows that of the Uniform Commercial Code, Chapter 490, Hawaii Revised Statutes. In addition, language has been clarified and simplified, and gender references have been deleted. Following is a list of the statutory articles of the

proposed recodification of the Hawaii insurance code:

Chapter 431

- Article 1 Definitions
 - Article 2 Administration of Insurance laws
 - Article 3 Insurers General Requirements
 - Article 4 Domestic Insurers
 - Article 5 Financial Condition
 - Article 6 Investments
 - Article 7 Fees, Taxes and Deposits
 - Article 8 Unauthorized Insurers and Surplus Lines
 - Article 9 Licensing of Agents, Brokers, Solicitors, and Adjusters
 - Article 10 Insurance Contracts Generally
 - Article 10A Accident and Sickness Insurance Contracts
 - Article 10B Credit Life Insurance and Credit Disability Insurance
 - Article 10C Motor Vehicle Insurance
 - Article 10D Life Insurance and Annuities
 - Article 10E Property Insurance
 - Article 10F Surety Insurance
 - Article 11 (reserved)
 - Article 12 Mass Merchandising of Insurance
 - Article 13 Unfair Methods of Competition and Unfair and Deceptive Acts and Practices in the Business of Insurance
 - Article 14 Rate Regulation
 - Article 15 Insurers Supervision, Rehabilitation and Liquidation
 - Article 16 Guaranty Associations
 - Article 17 Insurance Information Protection Act
 - Article 18 (reserved)
 - Article 19 Captive Insurance Companies
 - Article 20 Title Insurance and Title Insurers
- Chapter 432 Benefit Societies
- Article 1 Mutual Benefits Societies
 - Article 2 Fraternal Benefit Societies

Your Committee heard testimony in favor of the bill as a whole from the Hawaii Insurers Council, Hawaii Independent Insurance Agents Association, and Hawaii Medical Service Association.

Your Committee on Consumer Protection and Commerce 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 Judiciary.

Signed by all members of the Committee except Senators Chang, Kuroda, Nakasato and Ikeda.

SCRep. 241 Labor and Employment on S.B. No. 1372

The purpose of this bill is to increase an employer's unemployment insurance contribution rate by one percent as a penalty if the employer fails to file any report or files a report that is incorrect or insufficient in connection with the employer's unemployment insurance premiums.

The present statute penalizes employers for noncompliance by assessing the maximum contribution rate of 5.4 percent, regardless of the employer's actual unemployment experience.

Your Committee received supporting testimony from the Director of the Department of Labor and Industrial Relations (DLIR) and the Hawaii Branch of the National Federation of Independent Business and finds that as currently stated, this bill would relieve employers who have no legitimate reason for its failure to file on time because of the reduction of the penalty. Therefore, your Committee has adopted an alternative approach proposed by the Director of DLIR and has amended the bill to provide an excusable failure provision which would allow the Department to consider any extenuating circumstances which prevented timely submittal of the required reports. Under this provision, the maximum contribution rate would be waived for cause and provided that the noncomplying employer does submit all required reports to DLIR. The maximum rate of 5.4 percent would continue to be assessed where an employer's failure to file is unexcused. Your Committee believes that this provision is fair to otherwise conscientious employers and allows DLIR to continue to aggressively enforce compliance of those who are intentionally uncooperative. Your Committee has made a corresponding amendment to Section 1 of the bill in order to reflect the revised penalty provision.

Your Committee has also amended the bill by deleting the word "registered" from page 6, line 5, because regular mail is sufficient to notify an employer of noncompliance in light of the excusable failure provision, and by making technical changes which have no substantive effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1372, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1372, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Reed.

SCRep. 242 Labor and Employment on S.B. No. 1499

The purpose of this bill is to eliminate the current provision which provides that the amount of contribution to the pension accumulation fund by the State and counties shall be reduced by any investment earnings in excess of the investment yield rate applied in actuarial valuations.

Your Committee heard supporting testimony by the State Employees' Retirement System and finds that during the past ten fiscal years, the investment earnings above the investment yield rate have amounted to approximately \$506.8 million. As a result of the Employees' Retirement System's excess earnings experience, the General Fund contribution by the State and counties has been drastically reduced. On the other hand, employees' contributions to the Employees' Retirement System were not reduced nor were retirement benefits improved.

Your Committee also finds that reducing actuarially-determined employer appropriations requirements by investment earnings above the investment rate result in greater instability in future State and counties' contributions. This is because the amount of investment earnings above the investment yield rate can vary substantially from year to year. Consequently, this may require higher future contributions both in dollar amount and as a percentage in total payroll.

In summary, your Committee believes that the current practice of using excess investment earnings to reduce the State and counties' contributions to the Employees' Retirement System shifts the burden on to future taxpayers and your Committee is not aware of any other state retirement system that uses this financing technique. The proposed retention of all investment earnings by the Employees' Retirement System will greatly benefit everyone over the long term and will help ensure the future financial stability of the retirement system.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1499 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. 243 Labor and Employment on S.B. No. 305

The purpose of this bill is to provide for corresponding reductions to the weekly extended benefit amounts and total extended benefit amounts payable under Unemployment Compensation whenever there is a reduction in the federal payments to the State.

Your Committee received favorable testimony from the Department of Labor and Industrial Relations and the National Federation of Independent Business and finds that if no amendment is made to existing law, the State will be subjected to an increase in extended benefit costs. This bill will provide that where federal payments to the State under the Federal-State Extended Unemployment Compensation Act of 1970 are reduced, under order issued pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985, benefits payable to individuals shall be proportionately reduced.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 305 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. 244 Labor and Employment on S.B. No. 301

The purpose of this bill is to amend Section 88-95, Hawaii Revised Statutes, to permit the Employees' Retirement System to withhold Health Fund insurance premiums from the monthly pension checks of state and county retirees.

Currently, Act 252 requires state and county retirees with less than 10 years of service to pay a portion of their monthly medical plan premiums to the Health Fund. These retirees are required to send their premium payments to the Health Fund Office each month.

Your Committee heard supporting testimony by an administrator for the Board of Trustees, Hawaii Public Employees Health Fund, and finds that this bill will relieve administrative workload as well as anxiety and tedious chores on the part of retirees. Through its computerized pension check system, Employees' Retirement System would prepare and transmit a single check each month to the Health Fund along with an EDP tape and a distribution list of retirees' premium payments.

Your Committee has made technical amendments which have no substantive effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 301, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 301, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 245 Labor and Employment on S.B. No. 1744

The purpose of this bill is to establish a Special Administration Fund into which all fines, penalties and interest from delinquent unemployment insurance contributions collected under Chapter 383, Hawaii Revised Statutes, would be deposited. The fund would be maintained in an account separate and apart from the Unemployment Insurance Trust Fund, and moneys deposited therein would be expended to enhance the unemployment insurance program.

Currently, all fines, penalties, and interest from delinquent contributions are deposited into the Trust Fund for the payment of benefits. The Trust Fund is maintained solely in the U.S. Treasury, and the department is prohibited by Federal law from making withdrawals of moneys to cover administrative expenses. However, Federal law permits states to establish separate penalty and interest contingency funds which may be used for administrative purposes.

Your Committee received supporting testimony from the Department of Labor and Industrial Relations and finds that the Balanced Budget and Emergency Deficit Control Act of 1985 (Gramm-Rudman-Hollings), which mandated across-the-board cuts in the federal budget to reduce the national deficit, reduced unemployment insurance administrative grants for all states. Your Committee also finds that the reduction in administrative grant moneys undermines program integrity which will ultimately have adverse effects on the Trust Fund. Control procedures to ensure correct benefit payments and maximum tax collection cannot be strictly enforced without the necessary resources. However, if a Special Unemployment Insurance Fund is established, these moneys can be effectively expended to properly pursue delinquent tax collection, recovery of benefit overpayments, and fraud prosecution.

In addition, your Committee finds that in order to counteract anticipated reductions in federal grants, it is critical that the Special Unemployment Insurance Administration Fund be established as soon as possible.

Your Committee has amended the bill by making technical and clarifying language changes which have no substantive effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1744, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1744, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 246 Labor and Employment on S.B. No. 1580

The purpose of this bill is to amend the laws of the State of Hawaii.

Your Committee has amended this short form bill by inserting substantive material which would allow any class C member of the Employees Retirement System who elected to become a class C member pursuant to Section 88-271(a), Hawaii Revised Statutes, to reenter class A membership as of January 1, 1988. However, in order to do so the member would have to return all retirement and post retirement contributions, including interest, refunded pursuant to the election to enter class C; notify the board of trustees of the System in writing by December 1, 1987 of the decision to return to class A membership; and satisfy all other requirements for class A membership by January 1, 1988.

Act 108, Session Laws of Hawaii 1984 established a new noncontributory retirement plan and gave current members the option to join. Over 16,500 members did so and were paid back all of the retirement and post retirement contributions they had been accumulating, including interest. This bill would allow such members to buy back into the old plan if they return the amounts previously refunded.

Your Committee received supporting testimony from the United Public Workers and finds that many members might not have fully understood the implications of their election to transfer to class C because of the technical nature of the transaction and the relatively short time that was allowed for them to decide. Such employees should be allowed to return to class A as long as they return the contributions and interest they received for choosing class C in 1984.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1580, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1580, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 247 (Joint) Labor and Employment and Education on S.B. No. 634

The purpose of this bill is to allow teachers whose hours are equal to one-half of a full-time equivalent position to be served by an exclusive collective bargaining unit representative.

Under present law, a public employee union may represent part-time employees working twenty or more hours per week. Half-time teachers, however, work seventeen and one-half hours a week based on a thirty-five hour full-time work week.

Your Committees received supporting testimony from the Hawaii State Teachers Association and find that the intent of the present law is to cover any employee who works one-half or fifty percent of the full-time equivalent. However, half-time members of Bargaining Unit 5 do not get this benefit even though they work half of the standard full-time work week for teachers. This bill would correct that inequity.

Your Committees further find, in examining the issue of equity, that twelve-month special services personnel in the Department of Education are not accorded the same benefits as ten-month certified personnel although both perform identical services. Your Committees believe that this inequity should also be corrected and have therefore amended the bill to provide that twelve-month special services personnel, who were hired in response to the federal Education for All-Handicapped Children Act, shall be included under the definition of educational officers, and shall be placed on the same ten-month work year salary schedule as their certified peers.

Your Committees have also amended the bill by making technical changes that have no

substantive effect.

Your Committees on Labor and Employment and Education are in accord with the intent and purpose of S.B. No. 634, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 634, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senators Hagino and A. Kobayashi.

SCRep. 248 Tourism and Recreation on S.B. No. 1691

The purpose of this bill is to appropriate funds for the master planning of West Hawaii to ensure the orderly development of this area for the betterment of both the visitor industry and the local communities.

The visitor industry in West Hawaii is experiencing a phenomenal rate of growth. Currently, there are approximately 6,000 hotel and resort condominium units in the area and at least 24,000 additional units are expected to be in operation by the year 2000. At this level, West Hawaii would approximate Waikiki in terms of visitor plant inventory.

Your Committee finds that with this rate of development, the need for the master planning of West Hawaii is urgent. More specifically, your Committee finds that the master planning of "support communities" on state lands in this area by the Hawaii Housing Authority is a logical and necessary first step which should be supported by the Legislature.

Based on testimony presented by the Hawaii Housing Authority, the cost of master planning a "support community" would be approximately \$1 million and your Committee has amended the bill to reflect that sum.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 1691, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1691, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 249 (Majority) Judiciary on S.B. No. 708

The purpose of this bill is to prohibit the sale and manufacture of handguns, and the importation of handguns into the State of Hawaii, except by certain specific classes of people such as law enforcement officers, members of the U.S. armed forces, regularly enrolled members of organizations which can receive or purchase weapons from the United States or the State and other groups exempted in Section 134-11, Hawaii Revised Statutes.

Your Committee has proscribed new handguns in the State of Hawaii by making the following amendments to the Hawaii Revised Statutes:

a) Section 134-2(d), Hawaii Revised Statutes, makes it a Class C felony to bring into Hawaii any pistol or revolver, or ammunition for pistols or revolvers, and makes it a misdemeanor to violate any other provision of Section 134-2, Hawaii Revised Statutes. The intent of these amendments is to make it a felony to bring handguns or their ammunition into the State, and a misdemeanor to violate any other requirements of permitted registration.

b) The bill amends Section 134-8, Hawaii Revised Statutes (which prohibits the ownership, manufacture, sale, barter, etc., of guns such as submachine guns and automatic rifles) to also prohibit the ownership of pistols and revolvers and their ammunition. However, your Committee has decided not to repeal Section 134-16, Hawaii Revised Statutes, which would have made it unlawful to possess pistols or revolvers registered prior to July 1, 1975, or any antique pistol or revolver. Your Committee's intent is to "grandfather" or allow the legal retention of all presently registered pistols and revolvers, as well as antique pistols and revolvers.

c) This bill will amend Section 134-9, Hawaii Revised Statutes, which currently allows the county police chiefs to license the carrying of handguns. The amendments will allow only those persons who have been threatened and fear for their lives to be licensed to carry a handgun, as well as to bring the law into conformity with your Committee's intent to prohibit widespread ownership of handguns.

d) Your Committee has also amended the bill by deleting paragraph 6 of Section 1 of the bill which would have required the forfeiture of presently owned pistols and revolvers, to be turned in to the county chiefs of police. Thus, as amended, the bill does not provide for the

confiscating of presently owned and registered handguns. Rather, it would prohibit the importation, sale, or manufacture of handguns.

e) Your Committee has amended the bill in Section 134-11, Hawaii Revised Statutes, to restore subsection (3). Restoring this subsection will permit persons who are regularly enrolled members of organizations authorized to purchase or receive weapons from the United States or the State of Hawaii, and to continue to carry their target handguns to and from their meeting places as well as to the target firing range.

f) Your Committee has amended the bill by deleting the references to pistols and revolvers in Section 134-18, Hawaii Revised Statutes. This change to the bill will allow the chiefs of police to continue to confiscate electric guns, but not provide special requirements to confiscate pistols and revolvers.

g) Your Committee has amended Section 134-31 and Section 134-32, Hawaii Revised Statutes, to prohibit the sale or manufacture of pistols and revolvers by prohibiting dealers from selling or manufacturing pistols and revolvers.

Based on testimony of the Honolulu Police Department, your Committee has amended the bill in Section 134-2(c) to charge \$20 for registering permitted handguns. The Honolulu Police Department's testimony showed that it costs \$14 to simply get a report from the Federal Bureau of Investigation on the fingerprint records of an applicant. The \$20 fee will cover this cost as well as other administrative costs.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 708, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 708, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Cobb.
Senators Holt and Reed did not concur.

SCRep. 250 Education on S.B. No. 655

The purpose of this bill is to appropriate moneys for AIDS prevention education in the primary and secondary schools in the State.

Your Committee finds that this bill is necessary to reduce the public health crisis caused by AIDS. The disease can be eliminated only by stopping its spread, since no immunization has been developed as yet. Thus, public education is the most important component in the combat against AIDS.

Your Committee has made the following amendments requested by the department of health:

- (1) On page 2, line 10, of the bill, as received, "department of education" has been changed to "department of health".
- (2) On page 2, line 11, of the bill, as received, "department of health" has been replaced by "department of education and private school administrators".
- (3) On page 2, beginning on line 13, of the bill, as received, "minimum of four hours" has been changed to "minimum of one hour".
- (4) On page 2 of the bill, as received, the phrase "as determined by the department of health" has been inserted at the beginning of line 15.
- (5) The listing of the nature and content of instruction beginning on page 2, line 21, of the bill, as received, has been deleted.
- (6) The expending agency has been changed to the department of health.

In addition, other amendments of a technical, nonsubstantive nature have been made.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 655, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 655, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 251 Education on S.B. No. 1198

The purpose of this bill is to appropriate funds for fiscal year 1987-1988 to Mililani Uka Elementary School for the design and construction of a ten classroom building.

Presently, the school, with an enrollment of 1,209 students, is operated on two campuses located three blocks apart. House shells on the second campus are currently being leased from Mililani Town, Inc.

Your Committee heard supporting testimony from Hui O'Mililani Uka, the school advisory council, and finds that consolidating the physical facilities under one campus would alleviate the current problem of logistics. It further finds that replacing the house shells with the proposed ten classroom building would improve the quality of education.

Your Committee has amended the bill by inserting the dollar amount of \$1,630,000 to be appropriated.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1198, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1198, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 252 Education on S.B. No. 1536

The purpose of this bill is to amend the laws of Hawaii relating to education.

Your Committee has amended this short form bill to grant civil service status to temporary, full-time student activities coordinators with the department of education.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1536, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1536, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 253 Human Services on S.B. No. 1751

The purpose of this bill is to rename the department of social services and housing (DSSH) as the department of human services and to place the housing finance and development functions which were formerly under DSSH into the department of planning and economic development.

This short form administration bill is in furtherance of the reorganization plans of the department of social services and housing which removes its criminal justice and corrections functions which are to be established in a new department; retains the social services and housing functions; and places its housing financing and development functions in the department of planning and economic development.

This bill will allow the department of human services to give full attention to human service functions and contribute to the overall efficiency and effectiveness of state government.

Your Committee has amended this short form bill by adding the following substantive provisions:

1. By adding amendment provisions to the Hawaii Revised Statutes to reflect the substitution of "department of human services" for "department of social services and housing".
2. Added a new chapter to the Hawaii Revised Statutes that creates a Hawaii housing finance and development authority. The authority is primarily responsible for the development of affordable housing. The substantive provisions of this chapter were taken from part I of chapter 356 which gave the Hawaii housing authority under DSSH the development responsibility.
3. Added provisions to the Hawaii Revised Statutes that specifically removed the housing finance and development functions from DSSH and placed the Hawaii housing finance and development authority within the department of planning and economic development.
4. Provided for the substitution of "Hawaii housing finance and development authority" for "Hawaii housing authority" in parts II and III of chapter 356 relating to housing loans and rental assistance and further redesignating the chapter number to correspond

with the new chapter on Hawaii housing finance and development authority.

5. Added provisions that would effectuate the transfers of personnel, records and equipment, and funds that are required due to the aforementioned shifting of functions by DSSH.
6. Added an appropriation section to appropriate funds for fiscal year 1987-1988 to implement the provisions of the bill.

Your Committee also made nonsubstantive changes for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1751, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1751, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 254 Human Services on S.B. No. 1157

The purpose of this bill is to amend Section 237-24, Hawaii Revised Statutes, to exclude from gross income, amounts received on purchases made with food vouchers from the U.S. Department of Agriculture Special Supplemental Food Program for Women, Infants and Children (WIC).

Public Law 99-500 and 99-501, as amended by the School Lunch and Child Nutrition Amendments of 1986, prohibits a State's participation in the WIC program if a sales tax is collected on WIC food voucher purchases. The intent of Congress in passing the sales tax provisions is to ensure that WIC funds are spent solely for the purpose of the program and not diverted to State and local treasuries.

This bill will conform Hawaii's statutes to the provisions of P.L. 99-500 and 99-501 to ensure Hawaii's participation in the program. Continuation of the sales tax on WIC purchases would prohibit Hawaii's participation in this program and would negatively impact on the public health of the people of the State.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1157 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. 255 (Majority) Consumer Protection and Commerce on S.B. No. 34

The purpose of this bill was to allow banks to engage in the insurance business, unless otherwise prohibited by federal law or regulation.

Your Committee believes that allowing banks to engage in the insurance business would increase competition and provide additional options for the obtaining of insurance, ultimately benefitting the consuming public. Favorable testimony on this bill was heard from the Hawaii Bankers' Association. In addition, the Insurance Division of the Department of Commerce and Consumer Affairs testified that it does not object to the concept of increasing competition within the insurance industry.

Your Committee also heard testimony from several insurance organizations expressing concern that the bill would contravene the long-standing national policy that banking and commerce shall be kept separate. Recognizing the validity of the above concern, your Committee has accordingly amended the bill by providing safeguards to ensure that banking and insurance shall be separated. Specifically, your Committee has amended the bill to:

- 1) Prohibit banks from taking deposits as collateral on insurance policies;
- 2) Prohibit banks from offering credit conditioned on purchasing an insurance policy; and
- 3) Require banks to utilize only licensed insurance agents to sell and service their insurance policies.

Your Committee has further amended the bill by including an appropriation of \$100,000 to the Department of Commerce and Consumer Affairs for additional staff to carry out the purposes of this measure.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 34, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 34, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

Senators Blair, B. Kobayashi, Kuroda, Matsuura and Ikeda did not concur.

SCRep. 256 Consumer Protection and Commerce on S.B. No. 554

The purpose of this bill was to continue the existence of the special fund in the Business Registration Division of the Department of Commerce and Consumer Affairs, as provided in section 416-97, Hawaii Revised Statutes.

The special fund is currently being utilized to employ additional personnel to review business filings with the Department and to expedite the processing of the documents.

Your Committee received testimony from the Department of Commerce and Consumer Affairs, Business Registration Division, and finds that repeal of the expiration date of the fund, as provided in this bill, would apply only to the current corporation statutes, chapter 416, Hawaii Revised Statutes. However, new corporation codes are scheduled to take effect on July 1, 1987 and sections 415-128 and 415B-155 of the new codes must have their fee provisions adjusted to eliminate expiration provisions currently provided in section 416-97. Your Committee further finds that the special fund is also provided for in chapter 482 wherein fees for registration of trade marks and trade names are deposited into the special fund.

Therefore, your Committee has amended this bill by deleting the substance and inserting material which would eliminate the clauses in sections 415-128, 415B-155, 482-2, and 483-3 which makes reference to the special fund established in section 416-97 and by specifically providing for the creation of the special fund in section 415-128. Your Committee has also amended sections 415-128 and 415B-155 to amend the fee schedule which would go into effect when the new corporation codes go into effect on July 1, 1987.

Your Committee wishes to note that the intent of this bill is to eliminate the expiration clauses in any legislation which may affect the special fund.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 554, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 554, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Chang and Fernandes Salling.

SCRep. 257 Labor and Employment on S.B. No. 1746

The purpose of this bill is to provide volunteer boating enforcement officers with the same workers' compensation benefits that are now provided to public board members, reserve police officers, voluntary deputy fish and game wardens, and volunteer firefighters.

The bill would also amend section 386-181, Hawaii Revised Statutes, to change references to "volunteer fish and game warden" to "volunteer conservation and resources enforcement officers".

Your Committee heard supporting testimony from the Department of Transportation and the Department of Labor and Industrial Relations and finds that volunteer boating enforcement officers perform valuable services and, like volunteer firefighters and conservation and resources enforcement officers, should be afforded full workers' compensation benefits should they sustain injury in the line of duty.

Your Committee has amended the bill by making numerous technical changes which have no substantive effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1746, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1746, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 258 Judiciary on S.B. No. 3

The purpose of this bill is to appropriate funds to the programs of the Judiciary for the 1987-89 fiscal biennium.

Overview

The bill which your Committee has considered embodies the budget recommendations of the Judiciary as contained in its multiyear program and financial plan. That plan has been carefully reviewed by your Committee, not in isolation, but in the context of prior budgets of the Judiciary as well as in the context of total statewide spending patterns and the budgets of the executive branch.

Your Committee has concluded that the budget recommendations of the Judiciary are extravagant and exemplify a lack of financial discipline. If the Judiciary is allowed to continue to expend funds at the rate that it has in recent years, its budget will run wildly out of control. Since the Judiciary has demonstrated neither the inclination nor the ability to exercise financial discipline with respect to this particular budget, it devolves to the Legislature to exert it.

The net result of your Committee's review and decisions is that it has reduced the Judiciary's operating budget by \$7.34 million for FY 1987-88 and \$6.41 million for FY 1988-89 and the capital improvements budget by \$9.33 million for FY 1987-88 and \$57.18 million for FY 1988-89.

Background

In 1974, the Legislature provided the Judiciary with fiscal autonomy of which the most important aspects were the detachment of the Judiciary from the budgeting and pre-auditing controls of the central staff agencies. The Legislature took this action on the sound rationale that the Judiciary is a separate and co-equal branch of government and that under the American system of separation of powers, the Judiciary should not be subject to executive branch controls. Subsequently, the Judiciary was provided with complete autonomy in personnel affairs. In 1978, the separate status of the Judiciary was confirmed by a constitutional amendment which, in effect, stated in the Constitution the principles of fiscal autonomy which had already been implemented by the Legislature.

Also in 1978, a constitutional amendment was ratified by the people requiring general fund state spending to be restrained by the rate of growth of the State's economy. In 1980, legislation was enacted limiting state spending to the rate of growth of personal income, and the executive branch and the Judiciary were to be limited by separate expenditure ceilings applicable to each of the two branches.

Since the spending ceiling went into effect on July 1, 1980, each budget submission of the executive branch has been safely under its expenditure ceiling. The result is that with the submission of the current executive budget for the 1987-89 fiscal biennium, the executive branch's spending ceiling margin (the difference between the spending ceiling and the executive branch's recommended budget) is \$49 million for FY 1987-88 and \$108 million for FY 1988-89. These amounts under the expenditure ceilings would not have materialized if some degree of financial controls and financial discipline has not been applied in the executive branch.

No such financial controls or financial discipline can be gleaned in the budgets of the Judiciary which has almost routinely exceeded its expenditure ceiling from the beginning. Consider the following:

1. For FY 1981-82, the Judiciary's budget exceeded the ceiling by \$456,379 or 2 percent.
2. For FY 1982-83, it exceeded the ceiling by \$3,411,094 or 12.7 percent.
3. For FY 1983-84, it was \$6,451,497 or 20 percent over the ceiling.
4. For FY 1985-86, it was \$7.3 million or 17 percent over the ceiling.

If the executive branch had shown the same lack of financial discipline evidenced by the foregoing record and had prepared budgets and spent funds which exceeded its ceilings at the same rate that the Judiciary exceeded its own ceilings, the State's general fund, far from having a surplus of \$137 million on June 30, 1986, would have been in a deficit position of well over half a billion dollars.

The 1987-89 budget that your Committee has reviewed shows no change in the Judiciary's pattern of routinely exceeding the expenditure ceiling. Its budget request for FY 1987-88 is \$5.8 million or 11 percent over the ceiling. The Judiciary's principal explanation for exceeding the ceiling is that \$5 million is needed to purchase a mainframe computer. For FY 1983-84, the

acquisition of a mainframe computer was also used as a reason for exceeding the ceiling that particular year.

From other perspectives, the Judiciary's current budget proposals give no more assurance of financial discipline: the FY 1987-88 general fund request is 34 percent higher than general fund spending in the past fiscal year; the FY 1987-88 budget calls for general fund positions to increase by 191 positions or by 14 percent over the number authorized for the current year. In the relatively short period since the spending ceiling went into effect, the Judiciary's general fund budget has increased from \$19,392,811 in FY 1980-81 to the current request of \$59,306,306 for FY 1987-88, over a three-fold increase. General fund positions have gone from 894.5 in FY 1980-81 to a requested 1,678 positions in FY 1988-89, almost a doubling of staff.

All of this has persuaded your Committee that the Judiciary's budget needs to be reined in and that a healthy dose of financial discipline needs to be imposed. The most important and revealing discovery of your Committee is that such financial discipline can be exerted without disturbing essential judiciary programs and operations. In effect, the budget cutting decisions made by your Committee has been at the expense—not of essentials—but of extravagance, as highlighted in the next section.

The Operating Budget

In this section, your Committee presents its principal program and budget decisions concerning the operating budget.

Computer systems. Most of the funds requested for the expansion of computer systems have been deleted, including the \$5 million for a mainframe computer. In the February 1987 audit of the Judiciary, the Legislative Auditor devoted a separate chapter to electronic data processing, and one of the principal findings was that: "The Judiciary lacks a comprehensive electronic data processing plan to ensure that the information systems are developed to effectively and efficiently support the goals and objectives of the Judiciary's program."

While the Judiciary has recently prepared a "General Plan on Technology," it is only a preliminary step and more planning needs to be done before multimillion dollar computer investments can be entrusted. The plans should cover such aspects as the functional requirements of the Judiciary; standards for hardware and software, control, and documentation; analysis of alternatives in addressing the requirements; prioritization and timeframes of projects; resource requirements (staffing and training, hardware and software); and data communications network requirements among other considerations.

As for the \$5 million request for the mainframe computer and additional positions for systems analysts and programmers, unanswered are such questions as what kinds of hardware and related software are intended to be purchased; what are the construction and facility preparation requirements for the proposed system; what capacity planning has been done particularly when the current system has been in place for only about two years and is reportedly now outdated and over its capacity; what implementation planning has been completed including schedules of installation, cutover, and conversion and provision for existing systems maintenance during conversion; and what analysis underlies the requests for the types and quantities of staffing.

Auditing. Funds to provide for additional auditors in the Judiciary have been deleted. Given the state of financial practices in the Judiciary as reported by the Legislative Auditor, the importance of an effective internal audit program in the Judiciary cannot be overemphasized. However, the Judiciary already has three auditors who reportedly have not been doing much internal auditing. These personnel should be deployed to their auditing tasks before any additional positions are requested.

As to the request for funds to contract with a certified public accounting firm to conduct an audit of the Judiciary, your Committee believes that such audits can more effectively be conducted or overseen by the Legislative Auditor who shall make arrangements for the conduct of audits of the Judiciary either with CPA firms conducting the audits in accordance with the Legislative Auditor's specifications or with the Department of Accounting and General Services in the conduct of the annual statewide financial audit. The specific auditing arrangements will be left to the judgment of the Legislative Auditor.

Sheriff's office. There shall be no funding for additional deputy sheriffs and associated additional clerical positions requested by the Judiciary. Separate legislation formulated by your Committee will remove the function of serving civil process from the sheriff's office which should substantially reduce the conflict in duties among the deputy sheriffs. As to the necessity for the use of deputy sheriffs for court security, the ostensible reason why additional positions are being requested, alternative approaches are clearly in order.

The Legislative Auditor has indicated that the use of deputy sheriffs to provide after-hours security for the Judiciary's facilities is not cost effective and that other less costly alternatives to provide security are available and should be used. Your Committee agrees. Furthermore, more effective security measures should be implemented during working hours. The present system, whereby the mere showing of some form of identification to a deputy sheriff will allow a person access to a judge's chambers is no form of security at all. In its place, your Committee has made provision for a system of X-ray scanning machines and magnetometers, similar to systems long used at airports and locally by the federal courts. Your Committee notes that no initiative was taken by the Judiciary in this area even though the problems and the solutions were obvious.

Courtroom proceedings. More efficient and less costly means to record courtroom proceedings are to be studied and a pilot system implemented. The use of court reporters can be replaced by a system of tape recorders similar to the system which has been installed in the Alaska judicial system and in the federal courts in Hawaii. Significant courts savings should be the result.

Separate judicial circuit for West Hawaii. A separate judicial circuit will be established in Kona to serve the West Hawaii area. While on the surface, this may have the appearance of creating additional costs, it actually has significant cost savings potential, not only in the costs to the members of the public requiring court services in Kona but also in direct costs to the government. At the present time, there already is a district court judge and a circuit court judge in Kona to serve the growing population of West Hawaii, but that operation is part of the Third Circuit based in Hilo. This creates such absurdities as documents having to be filed in Hilo and then sent to Kona or to avoid delays, documents having to be filed in both places. In addition, jurors from Hilo must travel over a hundred miles one way to serve in Kona, and the State, in turn, must bear the costs of their room and board.

Other programs. The Judiciary has recommended that the alternative dispute resolution program be made permanent, but your Committee is deferring this matter until such time as the program shows a track record. While arbitration holds promise of reducing legal costs by avoiding formal litigation, the current program was launched only a year ago and there is insufficient experience to determine the program's configuration and staffing requirements. Your Committee has likewise deferred other similar requests.

The Capital Improvements Budget

Your Committee finds the Judiciary's capital improvements budget requests to be ill-conceived and wildly extravagant, and therefore, it has deleted the requests for new facilities and has allowed only some of the costs for planning and refurbishments.

Hilo Judiciary Complex. The Judiciary has requested that \$49,960,000 be appropriated over the next two years to buy land and to plan, design and construct a court complex in Hilo. If allowed, this would be the most expensive public works project ever constructed in Hilo, exceeding even the costs of Hilo's modern airline terminal. The proposed budget for the facility approaches the total annual general fund outlays for all of the programs and operations of Hawaii County. Considering that there are now two circuit court judges and one district court judge in Hilo and less than a hundred employees, including family and probation service personnel and others not directly involved in court operations, the proposed \$50 million facility can only be characterized as a monument to opulence.

Family Court Center. An even more costly venture would be the construction of a Family Court Center on Oahu, now budgeted at \$65,610,000. According to the Judiciary, "a centralized facility would improve the delivery of services for children and families who enter the Family Court system," but beyond that, it is unclear exactly what programs requiring what kinds of space will take place in the facility. There is mention that there will be a residential facility component to provide "services to youths requiring residential care" and services "ranging from secure detention to shelter-type care," but no case is made why such a component needs to be part of a \$65 million court center. In addition, it first needs to be determined whether this type of program and operation is a judicial function or whether it more appropriately belongs in the executive branch.

Molokai District Court. The Judiciary needs to do some hard analysis of the needs of rural areas and how judicial services can be provided short of building new facilities. The proposed new Molokai District Court facility which is budgeted for \$2,120,000, excluding land costs, is an example of the costly implications of focusing on facilities rather than on the least cost ways of delivering services. The Molokai District Court is part of the Second Judicial Circuit based on Maui, and it convenes twice a month. If the approximately \$2 million proposed for constructing a new building were to be invested instead at 7.5 percent, this would yield \$150,000 annually or a sum which would provide \$6,250 to meet the expenses of each court session, easily enough to

rent the most dignified, comfortable, and spacious hotel conference area on Molokai, with amenities to spare, and likely savings by the end of each year.

Complementary Measures

The budget decisions that your Committee has made are also related to other decisions which are being proposed through separate legislative measures. One measure would require that all district court judges be confirmed by the Senate. Another would require that the judicial selection commission submit lists of three names for each vacancy rather than the present requirement of six names. And noting the growing importance of per diem judges, who are now said to do the work equal to 15 full-time judges, your Committee will recommend that such per diem judges shall be nominated by the judicial selection commission and be required to serve a minimum of three days a month.

Toward Financial Discipline

Throughout its review of the Judiciary's budget, your Committee has noted the lack of financial discipline on the part of the Judiciary, and concurrently, the urgent need for it. Your Committee recommends to the Chief Justice that he establish a standing citizens panel composed of executives from the private sector and others experienced in financial affairs to function as a budget review board. Its first goal should be to rein in the Judiciary's budget at least to the level where it does not exceed its general fund expenditure ceiling.

If that does not work, your Committee will consider an additional step. The Citizens Panel on Judicial Administration in the State of Hawaii, drawing on the American Bar Association Standards Relating to Court Organization and specifically on the standards relating to Court System Financing and Budgeting, observed that under the standards, "The executive department should be authorized to comment on and make recommendations concerning the budget for the court system ... but should not be authorized to eliminate or reduce budget requests made to the legislature." In Hawaii's setting, this would mean sending the Judiciary's budget to the Department of Budget and Finance for review and comment before submitting it to the Legislature. It is an alternative that might well be pursued although your Committee's concluding observation is that the preferred course, in the interests of its own integrity and independence, is for the Judiciary to find its own way toward financial discipline.

Recommendation

Your Committee on Judiciary 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 referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Kuroda.

SCRep. 259 (Joint) Health and Human Services on S.B. No. 383

The purpose of this bill is to provide a refundable income tax credit to individual resident taxpayers based on a percentage of the total amount of premiums paid for long-term care insurance.

Under this bill, the credit would be applied against the taxpayer's income liability for the taxable year, and credits in excess of tax liability would be refunded to the taxpayer. The Insurance Commissioner would submit a list to the Director of Taxation of all insurance policies that have been certified as long-term care insurance.

Your Committees received testimony in support of this bill from the Director of Social Services, the Commission on the Handicapped, the Hawaii Medical Association, HMSA, Healthcare Association of Hawaii, and the Director of the Executive Office on Aging, and find that it is imperative that creative new approaches to solving the problem of long-term care be developed, especially for families of moderate to low incomes who must deal with the financial devastation of catastrophic illness. This bill would provide an incentive to individuals to purchase long-term care insurance and help themselves plan for their future health care needs.

Your Committees have amended the bill by changing the tax credit to a tax deduction from the gross adjusted income.

Your Committees on Health and Human Services are in accord with the intent and purpose of S.B. No. 383, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 383, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees.

SCRep. 260 (Majority) Health on S.B. No. 518

The purpose of this bill is to assure proper health supervision of children in families with health insurance.

This bill would require that all health insurance policies which provide coverage for a family member shall also include coverage for child health supervision services from the moment of birth to age eighteen, including a history, physical examination, development assessment, anticipatory guidance, and appropriate immunizations and laboratory tests, in keeping with prevailing medical standards.

Your Committee heard supporting testimony from the Director of Health, the Hawaii Medical Association, the Hawaii Nurses' Association, and others. In addition, the Department of Commerce and Consumer Affairs indicates that there are precedents for this proposal in the Hawaii Revised Statutes and, therefore, do not oppose the concept.

Your Committee finds that preventive health care supervision is cost-effective both in avoiding illness altogether and identifying problems early so that the damaging or disruptive effects of disease are minimized. Your Committee also finds that the private sector and the public should both assume the responsibility for and obtain the benefits necessary to insure that our children have access to optimal health supervision in their formative years. In addition, this proposal would complement the State's Early and Periodic Screening, Diagnosis and Treatment Program and the Department of Health's Child Health Conferences and related services, and will assure that services are available to the gap group.

Your Committee has amended the bill by providing that the services shall continue until age five, and by including nurse-delivered services in the definition of child health supervision services.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 518, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 518, S.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee.
Senator George did not concur.

SCRep. 261 Public Utilities on S.B. No. 736

The purpose of this bill is to provide discounted electricity rates for residential electricity users who are elderly or handicapped with limited income.

In 1986, legislation was enacted which established lifeline telephone rates for elderly or handicapped subscribers with limited income. In order to fund the lifeline rates, the public utility is allowed a tax credit, equal to the lifeline rate subsidy, to be applied against the utility's public service company tax liability. This bill would extend the concept of lifeline rates to electricity service.

Your Committee finds that electricity service is an essential need which should be provided at reasonable cost and that this bill will help those persons who are least able to cope with rising costs to maintain basic utility services.

Your Committee on Public Utilities is in accord with the intent and purpose of S.B. No. 736 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. 262 Tourism and Recreation on S.B. No. 1264

The purpose of this bill is to appropriate funds to the City and County of Honolulu to build a new municipal golf course. The funds would be expended by the Department of Land and Natural Resources.

Your Committee received supporting testimony from the Director of Parks and Recreation of the City and County of Honolulu and finds that there were approximately 500,000 rounds of golf played on Honolulu's three municipal courses last year, more than three times the national course average. Since the demand for golf in Honolulu is so great, it is appropriate for the legislature to support the city and county's efforts to relieve the present congestion and provide adequate facilities for our visitors and residents alike.

Your Committee has amended the bill by specifying the sum of \$8,500,000 for the project.

Your Committee on Tourism 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 Ways and Means.

Signed by all members of the Committee.

SCRep. 263 Tourism and Recreation on S.B. No. 1681

The purpose of this bill is to appropriate funds to the County of Hawaii for programs on the community impact of resort development in West Hawaii.

The funds appropriated would be utilized for programs relating to the community's physical infrastructure, employment training and recruiting, and human, social, and community concerns.

Your Committee finds that current and anticipated development in West Hawaii will impact upon the community in many ways and that this bill will help to prepare the community and mitigate such impact.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 1681 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. 264 Tourism and Recreation on S.B. No. 920

The purpose of this bill is to appropriate \$36,000 for the Office of Tourism in the Department of Planning and Economic Development to contract for a temporary position to assist in the implementation of the tourism management plan on the neighbor islands.

Your Committee received supporting testimony from the Director of Planning and Economic Development and finds that the Department has begun to implement the Tourism Impact Management System and for the remainder of the year will be developing a core survey of general residents and integrating the System into the State Tourism Functional Plan. This appropriation would give the Department the ability to focus on the neighbor islands and address the dynamic development of the visitor industries there.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 920 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 George.

SCRep. 265 Labor and Employment on S.B. No. 1233

The purpose of this bill is to appropriate \$205,000 for Hawaii County for fiscal biennium 1987-1989 to support agricultural training programs and the production of diversified farm crops and animal feed for export.

Specifically these funds would be used for stipends for twenty-one trainees, including wages and fringe benefits for administrative staff, and program supplies and materials.

Your Committee received testimony from the Hawaii County Economic Opportunity Council in favor of the bill and finds that the funds are necessary to augment state employment and training programs so that low income and unemployed persons who, for a variety of reasons are not capable of re-education in a formal educational setting, may pursue gainful employment and business opportunities.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1233 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. 266 Business Development and Pacific Relations on S.B. No. 316

The purpose of this bill is to authorize the Hawaii Community Development Authority to issue taxable public facilities revenue bonds.

The Authority is currently authorized to issue tax exempt revenue bonds to finance public facilities for the Kakaako Community Development District. The Authority had anticipated using those bonds for development of parking structures, but that would require financial backing by the State or a private entity, which would be difficult to obtain.

Your Committee heard testimony from the Hawaii Community Development Authority and finds that taxable revenue bonds would be a feasible method of financing public parking facilities and would provide the Authority the flexibility necessary to complete the project with a minimum of government support.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 316 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 Aki, B. Kobayashi, Menor, J. Wong and A. Kobayashi.

SCRep. 267 Business Development and Pacific Relations on S.B. No. 317

The purpose of this bill is to increase the Hawaii Community Development Authority's public facilities revenue bond authorization from \$15,000,000 to \$35,000,000.

The Authority is currently planning the development of several parking structures in conjunction with the Kakaako redevelopment project known as Improvement District 1 Project. Pursuant to Chapter 206E, Hawaii Revised Statutes, the Authority is authorized to issue \$15,000,000 in revenue bonds, but such bond authorization could easily be consumed by development of but one single parking structure.

Your Committee heard supporting testimony from the Hawaii Community Development Authority and finds that timing is critical to the success of the Improvement District 1 Project. Additional bond authorization should be in place in anticipation of the development of future projects which will generate a need for more public parking. This bill would provide the additional revenue needed to finance one additional parking structure.

Your Committee has amended the bill by making a technical change which has no substantive effect.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 317, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 317, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Aki, B. Kobayashi, Menor, J. Wong and A. Kobayashi.

SCRep. 268 Business Development and Pacific Relations on S.B. No. 1154

The purpose of this bill is to expand the scope of the present Hawaii Invention Loan Program to provide early stage financing for entrepreneurs and start-up companies.

The invention program, to date, has been ineffective in supporting new ideas. Its scope and its eligibility requirements are too narrow and not enough money has been appropriated for the program. This bill would expand the scope of the program by changing its name to "Innovation Development Program" and defining "innovation" to include not only inventions but any new product development. It would also expand the definition of "loan" to allow innovative forms of financing such as warrants, options and royalties on sales or earnings, to be specified in rule-making. This would address the problem of not enough people being able to qualify for a loan due to the requirement for collateral and ability to pay the debt service. Finally, the bill would add a \$850,000 boost to the approximate \$150,000 presently in the loan program.

Your Committee heard supporting testimony by the Department of Planning and Economic Development, the High (sic)

1154 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means. (sic)

Signed by all members of the Committee except Senator Mizuguchi.

SCRep. 269 Government Operations on S.B. No. 370

The purpose of this bill is to allocate Hawaii's annual ceiling for tax-exempt private activity bonds among government agencies authorized to issue such bonds; and to reflect the consolidation of all prior ceilings for tax-exempt private activity bonds into that one ceiling in the Internal Revenue Code of 1986, by amending chapter 39B, HRS, and repealing section 356-292, HRS.

The bill would also change the allocation of the annual state ceiling to the counties in chapter 39B to an unspecified per cent per county.

Your Committee amended the bill by specifying the relative portions of the annual state allocation that the State and each county may utilize. The allocation is apportioned according to a formula proposed by the department of budget and finance using 1986 census information from the department of planning and economic development.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 370, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 370, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 270 Government Operations on S.B. No. 395

The purpose of this bill is to amend section 291C-111, subsection (a), to provide for the counties to collect and deposit into their general fund all fines and forfeitures from persons charged with the violation of a state or county traffic law which is not contested or does not require a court appearance.

Your Committee amended the bill by deleting the new language proposed in the original bill and inserting language which would require the director of finance of the State of Hawaii to deposit, into the general fund of each county, fifty per cent of all fines and forfeitures collected by the district courts in that county.

It is not the intent of this Committee to abrogate the reimbursement to the state's parking control program of the total fines collected by state employees, pursuant to section 107-11, Hawaii Revised Statutes.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 395, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 395, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 271 Government Operations on S.B. No. 459

The purpose of this bill is to provide that a government service company shall be subject to an excise tax rate of one-half of one percent.

Your Committee received testimony from the Director of Transportation Services, City and County of Honolulu, and finds that MTL, Inc. has been paying over \$1,800,000 per year in general excise taxes on the City and County of Honolulu's reimbursement to them for workers' wages and fringe benefits. This bill would produce needed savings for the City and County which could be used to reduce the cost of bus operations and benefit the people and real property owners in the form of reduced real property taxes.

After further consideration, your Committee has amended the bill to exempt all government service companies which provide a transportation system from the general excise tax. Your Committee finds that the extra savings of one-half of one percent over the savings provided in the bill as introduced is of more significance to the viability of essential transportation services than the loss of revenues would be to the State.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 459, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 459, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator George.

SCRep. 272 Government Operations on S.B. No. 471

The purpose of this bill is to provide the comptroller with explicit authority to manage, maintain, improve, redevelop, and reduce the number or size of state-owned cemeteries.

The bill appropriates an unspecified amount out of the general revenues of the State of Hawaii for fiscal years 1987-1988 and 1988-1989, to carry out the purpose of this bill.

Although the department of accounting and general services is responsible for the four public cemeteries owned by the State of Hawaii (Aiea, Makiki, Puukamalii, and part of Puea cemetery), no legislation has been enacted nor have any appropriations been made to provide the department with the powers or funds necessary to discharge its responsibility. This bill provides the comptroller with the necessary statutory authority and funds.

Your Committee made the following substantive amendments to the bill:

1. Authorized the comptroller to improve, redevelop, reduce the size of, or to facilitate the subsequent disposition of any state-owned cemeteries under the provisions of the bill without the prior approval of the governor. The bill as introduced required the governor's prior approval.
2. Reduced the publication requirement for public hearings prior to disinterment and relocation from three notices in a newspaper to one.
3. Mandated that any state-owned cemetery cleared of remains first be offered to the county where the cemetery is located for use as a park. If the county doesn't accept, control will be turned over to the department of land and natural resources. The original language would have given control of the vacant land directly to the board of land and natural resources.
4. Appropriated \$113,100 for fiscal year 1987-1988 and \$760,200 for fiscal year 1988-1989, out of the general revenues of the State of Hawaii, to carry out the purpose of this bill.

The bill has been further amended to make changes for the purposes of style and clarity and which have no substantive effect.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 471, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 471, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 273 Government Operations on S.B. No. 543

The purpose of this bill is to exempt the counties from the general excise tax, by adding a new section to Chapter 237, Hawaii Revised Statutes.

Your Committee amended the bill to clarify that the intent of the bill is accomplished by exempting services sold to the counties from the general excise tax.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 543, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 543, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 274 Government Operations on S.B. No. 583

The purpose of this bill is to amend section 143-19, Hawaii Revised Statutes, to require that all "fines and forfeitures" for animal license and control violations be paid to the counties.

Your Committee received testimony from the City and County of Honolulu in support of this bill. The City and County of Honolulu feels that they should receive the proceeds of the fines and forfeitures as compensation for the financial burden of contracting with the Hawaiian Humane Society, employing personnel to issue citations and printing the citations.

Your Committee has amended the bill to provide that the respective counties receive fifty per cent of all "penalties". This rough apportionment was adopted because the counties already collect dog license fees and because the State of Hawaii also incurs expenses attendant to the enforcement of chapter 143, HRS. The phrase "fines and forfeitures" was replaced by the word "penalties", for consistency with the existing language of the section.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 583, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 583, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator George.

SCRep. 275 Government Operations on S.B. No. 656

The purpose of this bill is to appropriate \$75,000 from the general revenues of the State of Hawaii for the implementation of zip + 4 in the fiscal benefit office of the department of social services and housing, the pre-audit office of the department of accounting and general services, the tax service and processing division of the department of taxation, and the administrative services office of the department of education.

Your Committee heard testimony in support of the bill from the United States Postal Service and the director of finance of the State of Hawaii. This bill is expected to reduce postage expenditures by over \$175,000.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 656 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. 276 Government Operations on S.B. No. 953

The purpose of this bill is to authorize the director of finance to issue general obligation bonds in an unspecified amount for the purchase of Palmyra Island.

Palmyra, which is presently for sale, is a potential site for ocean mining and mineral processing, aquaculture and mariculture operations, rocket launching, sports fishing, refueling and servicing of commercial vessels, and other ocean based activities.

An agent of the owner informed your Committee that the asking price for Palmyra island is \$30,000,000.

Your Committee received testimony from the department of land and natural resources and from residents of Ka'u in support of this bill.

Your Committee amended the bill to authorize the director of finance to issue general obligation bonds in the sum of \$30,000,000 to be appropriated in fiscal year 1987-1988 for the acquisition of Palmyra.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 953, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 953, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 277 Government Operations on S.B. No. 1170

The purpose of this bill is to provide the comptroller with the responsibility and authority to operate a comprehensive risk management and insurance program for the state government, excluding workers' compensation and public employee benefit programs which are covered elsewhere.

The bill also proposes the transfer of unspecified funds, for fiscal year 1987-1988 and 1988-1989, from other departments to the department of accounting and general services.

Presently, State agencies can independently acquire insurance and insurance acquisition is often handled by persons who are not experienced in risk management. In the past seven years, state agencies have expended over \$9.5 million in premiums for various property and liability insurance policies which have paid less than \$0.5 million in settlements. Additionally, over \$20 million in property losses and liability claims were paid out by the State without adequate efforts to control these losses.

Your Committee has amended this short form bill by repealing chapter 41 and adding substantive material creating a new chapter which would clearly specify the comptrollers authority.

Your Committee further amended the bill by authorizing the transfer of \$10.2 million in fiscal year 1987-1988 and \$10.7 million in fiscal year 1988-1989, which sums have been appropriated to other departments or agencies, to the state property and vehicle revolving fund. An additional \$5 million in both fiscal years 1987-1988 and 1988-1989 would be deposited

to the revolving fund from general revenues of the State of Hawaii.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1170, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1170, S.D. 1, and be referred to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 278 Government Operations on S.B. No. 1241

The purpose of this bill is to appropriate \$9.8 million for fiscal year 1987-1988, for the acquisition of private Kohala Ditch watershed land and rights of way.

This acquisition will allow the consolidation of North Kohala watershed lands under state ownership, making the land available for public use and allowing the State to rehabilitate Kohala Ditch.

A feasibility study on the possible acquisition of the Kohala Ditch System conducted by the department of land and natural resources found that public ownership of the watershed, along with the water collection facility that it contains, would provide significant benefits to the State. The acquisition of the Kohala Ditch System would:

- (1) Allow direct governmental management of the watershed and its intrinsic, valuable water resource for the long-term benefit of the public;
- (2) Allow public access to this scenic wildland for outdoor recreation, which is in consonance with the Hawaii State Plan objectives and policies for the physical environment and with the Kohala Ditch Wilderness Area proposed under the County of Hawaii's North Kohala Community Development; and
- (3) Allow the State to continue the operation and upkeep of the Kohala Ditch System for its historic value. The Kohala Ditch, whose original construction stands for the most part unimpaired and unrevised, is considered the most complete example yet of a large turn-of-the-century irrigation project in Hawaii.

Your Committee has amended the bill, at the suggestion of the department of land and natural resources, to appropriate \$4.9 million for the 1987-1989 fiscal biennium. The department will seek the balance of the original \$9 million in the ensuing fiscal biennium, 1989-1991.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1241, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1241, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 279 Government Operations on S.B. No. 1282

The purpose of this bill is to increase the State grants-in-aid to the counties to \$87,000,000 for fiscal year 1987-1988, and to adjust that figure in subsequent years to reflect the changes in the consumer price index.

In 1973 grants-in-aid from the State to the counties were frozen at 1971 levels in anticipation of federal revenue sharing. Due to the static nature of the current system the level of aid has not even kept pace with inflation.

Your Committee finds that the counties are facing serious financial problems due to the termination of federal revenue sharing, increases in public demand for county services, repair and maintenance of aging infrastructure, new infrastructure needs and increases in the cost of providing services.

Your Committee has amended the bill by providing the counties with an unspecified amount of grants-in-aid because that determination is the prerogative of the Committee on Ways and Means. Further, all references to the consumer price index have been deleted.

Your Committee has further amended the bill by adopting the recommendation of the Hawaii State Association of Counties that the grants-in-aid be distributed as follows:

Honolulu 50.0 percent

Hawaii	18.5
Maui	17.5
Kauai	14.0

and has made nonsubstantive changes for the purpose of statutory consistency.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1282, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1282, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 280 Government Operations on S.B. No. 1477

The purpose of this bill is to appropriate \$5,000,000 out of the general revenues of the State of Hawaii for fiscal year 1987-1988 for the purchase of the Lihue Shopping Center.

The County of Kauai wishes to convert the shopping center into a county building. The bill requires the County of Kauai to transfer the following fee titles to the State of Hawaii in return for the appropriation.

1. Wilcox School.
2. The land and building for the County of Kauai Police Station.
3. The land and building for the County of Kauai Public Works Building.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1477 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. 281 Government Operations on S.B. No. 1713

The purpose of this bill is to establish a revolving fund with money collected from the sale, storage or disposal of state-owned property through the state surplus program.

The department of accounting and general services' surplus property branch has two operating programs: the federal surplus program and the state surplus program. Section 29-22, Hawaii Revised Statutes, establishes a revolving fund for the federal program, but no equivalent fund is authorized for the state program. The new section would allow the branch to collect and deposit receipts from the sale of excess state-owned personal property into a revolving fund, from which the expenses of the state surplus program can be paid.

Your Committee has amended the bill by adding the word "a" after the word "by" in line 14, page 1 of the bill.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1713, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1713, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 282 Labor and Employment on S.B. No. 1741

The purpose of this bill is to clarify the requirements relating to credited service and eligibility for members of the Employees' Retirement System who terminate or retire and subsequently return to government service, and for those who transfer from the noncontributory plans to the contributory plans, and vice versa.

Specifically, the bill would do the following:

- (1) Provide that total credited service as a contributory and noncontributory member would be used to determine a member's eligibility for retirement;
- (2) Clarify the rights of a member with vested interest who subsequently returns to government service and require members who retire from the noncontributory plan and subsequently return to government service to remain in the noncontributory plan; and

(3) Include disability retirement allowance which was inadvertently omitted from chapter 88.

Your Committee received supporting testimony from the Secretary of the Employees' Retirement System and finds that a similar housekeeping measure was vetoed by the Governor last year because it included a provision relating to deferred retirement benefits. This bill does not contain that provision, and is therefore an appropriate means of clarifying and strengthening the provisions relating to credited service and eligibility for retirement after return to public service or transferring plans.

Your Committee has amended the bill by making technical changes which have no substantive effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1741, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1741, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 283 Labor and Employment on S.B. No. 1737

The purpose of this bill is to authorize the establishment of a second deputy position for the Department of Budget and Finance.

There have been significant changes and trends within government, which have resulted in the need for more timely budgetary and fiscal information. These trends include the expansion of the electronic data processing program, and the development and implementation of a statewide telecommunications program involving voice and data communications. These new program initiatives will be extensive, complex, and far-reaching, and will require the services of a full time administrator to insure proper implementation, standards of efficiency, and user satisfaction.

Your Committee received testimony from the Director of Finance in support of this bill and finds that the Department requires the services of a second deputy to assist in the administration, planning, and direction of the Department's new programs because present administrative positions are already fully occupied with varied and extensive duties.

Your Committee has amended the bill by changing the reference to the Director of Budget and Finance on page 7, lines 6 and 7, to read "Director of Finance", in accordance with proper statutory designation, and by making other technical changes which have no substantive effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1737, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1737, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 284 Agriculture, Energy and Ocean Resources on S.B. No. 1518

The purpose of this bill is to amend section 205-5.1, Hawaii Revised Statutes, to clarify the permissibility of direct use applications of geothermal resources to include direct use applications of geothermal resources both within and outside geothermal resource subzones and without a geothermal resource permit, provided the direct use application is in conformance with applicable state and county land use regulations.

Currently, Hawaii Revised Statutes Section 205-5.1 is unclear regarding the permissibility of direct use applications of geothermal resources outside of a geothermal resource subzone. This bill clearly states that direct use outside of a geothermal resource subzone is permitted without a geothermal resource permit where that application is in conformance with other applicable state and county land use regulations and with the provisions of Chapter 205, Hawaii Revised Statutes.

Your Committee has amended the bill as follows:

1. page 1, line 9, after "Section 205-5.1", insert "subsections (a) and (c)",
2. page 1, line 9, change "is" to "are",
3. page 1, line 10, delete "to conform to the purpose of this Act.",

4. page 1, line 10, after "amend" insert "to read as follows:" and insert revised Section 205-5.1, subsections (a) and (c) as shown in attached S.B. No. 1518, S.D. 1.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 1518, as amended herein, and recommends that it pass First Reading in the form attached here as S.B. No. 1518, S.D. 1, and be recommitted to the Committee on Agriculture, Energy and Ocean Resources.

Signed by all members of the Committee.

SCRep. 285 Tourism and Recreation on S.B. No. 1270

The purpose of this bill is to appropriate funds for the design and construction of Kakaako Waterfront Park. The funds would be expended by the Department of Land and Natural Resources.

Your Committee received supporting testimony from the Chairperson of the Board of Land and Natural Resources and the Chairman of the Hawaii Community Development Authority and finds that a small portion of Kakaako Waterfront Park has already been developed near the Point Panic surfing area. This appropriation is necessary to further develop the Park to meet the future recreational demands of the area.

Your Committee has amended the bill by specifying an appropriation of \$1,000,000.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 1270, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1270, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator George.

SCRep. 286 Housing, Hawaiian Programs and Natural Resources on S.B. No. 1318

The purpose of this bill is to amend Chapter 359G, Hawaii Housing Authority - Housing Projects.

The bill proposes the following amendments:

1. Update and amend the purpose section for clarity.
2. Add definitions for certain terms used in the chapter that are identical to those used in Chapters 356 and 359, Hawaii Revised Statutes.
3. Substitute "qualified partner" with "eligible developer", a term defined in the chapter.
4. Replace "low income" with "lower income".
5. Repeal the contractual staff reserve fund created under Section 359G-33, Hawaii Revised Statutes.

Upon hearing testimony from the Department of Housing and Community Development, City and County of Honolulu, your Committee has amended the bill as follows:

1. Deleted the second definition of "eligible developer" (page 6, line 6-8) and added the definition for "cooperatives" (page 4, line 9).
2. Changed "stores" and "offices" to read "commercial space" (page 6, line 10).
3. Deleted "private" and added "eligible" in reference to a developer (page 13, line 16).

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 1318, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1318, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 287 Housing, Hawaiian Programs and Natural Resources on S.B. No. 1313

The purpose of this bill is to authorize the issuance of general obligation bonds to construct affordable housing for the elderly, the handicapped, the poor, and the single parent.

The funds shall be used to build 21,000 units at \$75,000 per unit and to pay for the purchase of land at \$50 million.

Testimony received from the Hawaii Housing Authority (HHA) indicated that the language used was limiting and recommended that broader language be inserted to include other need groups. HHA also stated that the amount appropriated would not be sufficient to cover the cost of developing the 21,000 units.

Your Committee has amended the bill as follows:

1. Lines 5 and 6: insert the term "lower income" to each group benefitting to broaden the language and delete "the poor.";
2. Lines 7 and 8: change 21,000 units to 2,000 and delete the cost of the land.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 1313, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1313, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 288 Housing, Hawaiian Programs and Natural Resources on S.B. No. 237

The purpose of this bill is to establish a provision for the delegation of hearing future contested cases to a hearings officer or officers appointed by the chairperson of the Board of Land and Natural Resources.

Currently, many controversies are resolved through the contested case hearing process pursuant to Chapter 91, Hawaii Revised Statutes.

These hearings, attended by unpaid Board members, incorporate a schedule that revolves around their private sector employment with the attendant transportation and per diem costs.

This bill will allow the appointment of a hearings officer, who shall be exempt from civil service law, to hear and decide any case or controversy relating to conservation and resources and to apply and enforce department rules.

The Department of Land and Natural Resources (DLNR) expressed concerns regarding decision-making powers. The testimony stated that the function should remain with the Board rather than the hearing officer.

Your Committee adopted the recommendations of the DLNR by making the following amendments:

- (1) Page 2, line 5 - delete "and decide".
- (2) Page 2, line 11 - delete "and decisions".
- (3) Page 2, line 12 - delete "and redetermination by the officer or board" and insert "by the board".
- (4) Page 2, lines 14-15 - delete "The review shall be conducted in accordance with Chapter 91".

Your Committee on Housing, Hawaiian Programs and Natural 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 referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 289 Housing, Hawaiian Programs and Natural Resources on S.B. No. 776

The purpose of this bill is to establish a new part under Chapter 359G, Hawaii Revised Statutes, relating to housing for elderly persons, and repeals a similar provision in part III under Chapter 359.

Part III of Chapter 359 provides for the development of homes for the elderly in state housing projects. The provisions contained within this part are restrictive and make the development of

affordable elderly projects by the Hawaii Housing Authority (HHA) unfeasible.

This bill essentially transfers all of the responsibility for housing of the elderly to HHA under Chapter 359G but without many of the prior restrictions under Chapter 359 to allow the latitude that HHA needs.

Your Committee heard supporting testimony from HHA, the State Executive Office on Aging and the City and County of Honolulu and finds that the elderly population is becoming a more prominent segment of the total population. Statistics from the Department of Planning and Economic Development indicate that the estimated 145,200 individuals age 60 and over in 1985 will increase to 168,900 by 1990.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 776 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. 290 Housing, Hawaiian Programs and Natural Resources on S.B. No. 550

The purpose of this bill is to allow the Hawaii Housing Authority to develop and provide housing without the approval of the legislature and the governor.

The bill would exempt low-income housing, State housing and Hawaii Housing Authority projects from the required authorization.

The Building Industry Association of Hawaii and the Hawaii Housing Authority supports this bill as timing is a critical element in the development of any affordable housing project. Delay resulting from the requirement to receive legislative approval and the time lapse between sessions may jeopardize projects as well as make many of them unfeasible.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord 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 except Senators Yamasaki and Ikeda.

SCRep. 291 Housing, Hawaiian Programs and Natural Resources on S.B. No. 1317

The purpose of this bill is to create a Rental Housing Revolving Fund under Chapter 359G, Hawaii Revised Statutes.

The bill provides that all funds appropriated and all moneys received or collected by HHA for rental housing, and funds from the Dwelling Unit Revolving Fund be deposited into the Rental Housing Revolving Fund (Fund). It provides further that proceeds from the Fund may be used for the necessary expenses in administering and carrying out a rental housing program including the development of rental projects, especially those for the elderly.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 1317 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 Yamasaki and Ikeda.

SCRep. 292 Labor and Employment on S.B. No. 344

The purpose of this bill is to amend public employees post retirement allowance.

Presently, a retiree receives an automatic post retirement allowance of two and one-half per cent of the monthly pension annuity or retirement allowance as originally computed.

Under the provisions of this bill, retirees who are 62 years old or older will receive the present allowance or an allowance determined by multiplying one-half of the percentage increase in the Honolulu Consumer Price Index by the monthly pension as originally computed, whichever is greater. Further, the bill provides that if the Consumer Price Index increase method is used, the maximum post retirement allowance shall not exceed five per cent of the monthly pension as originally computed.

Your Committee finds that this bill will allow retirees to receive adequate compensation to combat the effects of inflation.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 344 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. 293 Labor and Employment on S.B. No. 432

The purpose of this bill is to provide the State Legislature with a vehicle to review and adjust the amount of State and county public employer contributions for the Health Fund benefits of their retirees with less than 10 years of service.

Currently, under section 87-4.5, Hawaii Revised Statutes, public employers are required to fund fifty per cent on a dollar basis of the Medical Plan contribution based on HMSA Plan rates, the entire Group Life Insurance premium and the entire Children's Dental Plan premium with a June 30, 1987 sunset provision.

Your Committee has amended the bill by making technical nonsubstantive changes to conform the format of section 87-4.5 to recommended drafting style.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 432, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 432, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 294 Labor and Employment on S.B. No. 927

The purpose of this bill is to allow certain full-time employees of the Office of the State Public Defender (Office) to claim membership credit with the Employees' Retirement System(ERS) for service rendered prior to February 1, 1972.

The Office was originally a non-profit organization contracted by the State. On July 1, 1971, pursuant to Act 185, Session Laws of Hawaii 1971, the Office was created and the Public Defender was appointed by the Defender Council. The Public Defender however, did not assume the duties of the Office until February 1, 1972, at which time the Defender Council "approved the employment" of the Office staff. Because the employees were not "approved" until February 1, 1972, the ERS did not recognize any service rendered prior to that time even though the Office was created on July 1, 1971.

This bill would enable all full-time employees who rendered service in the Office from July 1, 1971 until becoming a member in the ERS on February 1, 1972, to claim membership service credit for that period, and provides an equitable solution for those employees who were legitimate state employees in the Office on July 1, 1971 who through no fault of their own were not afforded membership in the ERS.

Your Committee has amended the bill by making technical changes which have no substantive effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 927, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 927, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 295 Planning and Environment on S.B. No. 324

The purpose of this bill is to amend chapter 340E, Hawaii Revised Statutes, to include the provisions of the federal Safe Drinking Water Act.

Hawaii's drinking water is one of its most valuable assets. In recent years, there has been increasing public concern about contamination of our fresh water supply as trace samples of potentially lethal contaminants are detected in some of the wells which supply our people. It has become apparent that prior to public awareness of the problem, significant amounts of toxic chemicals were discarded without plan or regard for future consequences, and some of these substances have made their way into our water systems, albeit in amounts which, to date, present no measurable danger to consumers.

However, the potential dangers of water contamination have become a very real issue which affects all of our people, and your Committee shares the public concern and commends the

efforts of the federal government, scientists, environmentalists, and concerned citizens to put an end to water pollution once and for all. This bill would provide very strict prohibitions and penalties for tampering with a water system or allowing dangerous substances to enter a water system, and is therefore a significant step towards the goal of ensuring that our drinking water is fresh and wholesome.

Specifically, the bill would provide civil fines of up to \$50,000 for tampering, attempting to tamper, or threatening to tamper with a public water system, and the same penalty for contaminating water with lead contained in construction materials. A person who fails to notify the proper authorities of a water contamination or violation could be fined a maximum of \$25,000 for each violation. In addition, the bill contains strict provisions requiring notification of the public of contamination and authorizing remedies by which the director of health may require the person who contaminates the water to provide an alternate supply. The Director would have the power to enter and inspect any facility of a supplier of water to determine whether such supplier is complying with the law.

Your Committee heard testimony in support of this measure by the Director of Health and the Manager of the Board of Water Supply of the City and County of Honolulu and finds that this bill represents a major step towards insuring the safety and quality of our precious fresh water supply and urges its adoption.

Your Committee, upon further consideration, is of the opinion that the penalties provided in this bill as introduced are insufficient in light of the nature of the harm that could result from water tampering. Therefore, your Committee has amended the bill to provide a penalty of up to five years imprisonment and \$250,000 in fines if the violator is an individual and up to \$500,000 in fines for organizational violators. Your Committee believes that major penalties such as these will be a clear signal to potential violators of the legislature's intent to punish them to the maximum extent allowable by law.

Your Committee has also amended the bill by deleting the appropriation which would have funded eight positions to carry out the purposes of this bill.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 324, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 324, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 296 Corrections on S.B. No. 909

The purpose of this bill is to establish substance abuse rehabilitation units in each county for the purpose of incarcerating and treating, in separate facilities, persons convicted and sentenced to imprisonment for driving under the influence of drugs or intoxicating liquor.

Your Committee received testimonies from the director of social services and the director of health. While both directors were supportive of the concept of providing substance abuse treatment for committed persons, both also agreed that the establishment of separate rehabilitation units as proposed by this bill may not be the most effective or cost-efficient method of providing treatment. It was also brought to your Committee's attention that substance abuse treatment programs already in existence through established public and private agencies might be better alternatives.

Your Committee agrees that better, more cost-effective alternatives are available and has, therefore, amended the bill to require that the department of social services and housing provide substance abuse treatment for committed persons rather than require the establishment of separate treatment units. Your Committee recognizes that many inmates enter state correctional facilities with substance abuse problems and that many crimes committed involve substance abuse. Your Committee believes that the bill, as amended, will ensure that substance abuse treatment of committed persons is accorded a high priority within the department of social services and housing and at the same time provide the department with the flexibility of determining how such treatment shall be provided.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 909, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 909, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 297 (Joint) Labor and Employment and Corrections on S.B. No. 911

The purpose of this bill is to require the director of social services to develop guidelines and procedures for and implement a mandatory drug testing program for adult corrections officers at all state correctional facilities.

Information made available to your Committees strongly indicates that this bill is necessary. An internal memo from the corrections division administrator, which has been presented to your Committees, states that "...some events within our own ranks, including a tragic death, has brought home to us the danger and fallacy in the use or sale of drugs of any type." Other information from anonymous sources, which has been introduced for the record by the Chairperson of your Committee on Corrections, indicate that drug distribution and use by corrections personnel is a significant problem.

Your Committees have also examined the issues of the reliability of the drug tests and constitutionality of mandatory testing. With respect to the reliability of drug tests, chemists of the department of health state that urinalysis is highly reliable in detecting drug use if proper screening procedures and state of the art technology are used. With respect to the constitutionality issue, strong case precedent exists to support the constitutionality of mandatory drug testing of prison employees. The federal 8th Circuit Court of Appeals in the case of Hunter v. McDonell ruled that prison guards may be subjected to random tests of their urine to detect drug use and that such testing does not violate the employees' constitutional right to privacy. The Court emphasized that there are compelling government interests in mandating drug testing. The interests include: the insuring that prison guards are not physically impaired in supervising inmates under stressful and difficult conditions; preventing the passing of contraband from guards to inmates; and preserving the integrity of the prison system.

For these reasons, your Committees find that this bill is justified and urgently necessary and that the rights of employees, from the standpoints of the test reliability and privacy considerations, are protected.

The following major amendments have been made to the bill. First, the drug testing program is expanded to include all officers and employees performing employment duties at adult correctional facilities. Your Committees feel that the reasons for implementation of this bill also are applicable to officers and employees who are not adult corrections officers. The department of social services and housing also suggested the amendment. Second, a provision is included to require the test to be neutrally and randomly administered. Third, a provision is included to protect the confidentiality of all test results and identities of officers and employees who have positive test results. Your Committees feel that both provisions further protect the rights of officers and employees who are subject to the tests. Fourth, a provision has been added to prohibit the director of social services from seeking the criminal prosecution of any officer or employee who has a positive test result solely on the basis that the test indicates that the officer or employee has used illegal drugs. Your Committees intend that the director treat with compassion officers and employees who test positive. Your Committees, however, do not intend to immunize officers or employees who engage in the illegal possession or distribution of drugs. Fifth, the drug testing program is excluded from the collective bargaining negotiations. Your Committees feel that the problem of drug use by corrections personnel is of such importance that the director should have sole jurisdiction. Sixth, the term "radio" has been deleted from page 1, line 14, of the bill, as received. Your Committees have been informed that different types of immunoassay tests exist, and deletion is intended to provide the director of social services with greater discretion in implementation of the program. Seventh, the appropriation has been deleted. The department of social services and housing states that it does not require funds in the fiscal year 1987-1988 to formulate the procedures and guidelines. The department, however, intends to request an appropriation for fiscal year 1988-1989 to implement the program.

Your Committees on Labor and Employment and Corrections are in accord with the intent and purpose of S.B. No. 911, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 911, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees.

SCRep. 298

Corrections on S.B. No. 533

The purpose of this bill is to establish an offender family service center which would contribute to the frequency and quality of family visits that are necessary for rehabilitation of prison inmates.

This bill recognizes the fact that maintaining an inmate's family and community relationships is an effective correctional technique which reduces recidivism and promotes rehabilitation.

Families represent the greatest potential resource for positive change in our criminal justice system. The bill further recognizes that enhancing visitor services increases the frequency and quality of visits, thereby discouraging violent prison activity; and that the location of prisons and the lack of services to assist visitors presently impedes visiting.

Your Committee received numerous testimonies, all of which were in strong support of the establishment of an offender family service center. Several testimonies made additional recommendations in an effort to strengthen this bill.

Your Committee adopted these major recommendations and amended the bill as follows:

- 1) Added "Findings and purpose" to describe the intent of this bill.
- 2) Redefined "department" to reflect current plans to establish a new Department of Corrections.
- 3) Specified "a private non-profit" agency as an entity with whom the department may contract for services, as your Committee was informed that an agency with the capability to perform the required services would be a private non-profit entity.
- 4) Reduced membership on the advisory council from 11 to 7, as an advisory council of this size should be more than adequate to provide input to the director on the center and program. The Council's role to review and make recommendations has also been clarified.
- 5) Deleted three provisions in the section relating to the services of this program. Your Committee does not believe transportation assistance for visitors is an appropriate function for the state. With regard to child care for visitors' children, your Committee feels there is no carefully developed plan by the Department regarding child care services. This would be a liability problem for the State. The provision of supportive services to offender families was deleted as it is vague and ambiguous.
- 6) Deleted reference to the need of "prior experience" in the selection of a non-profit agency because this criterion probably could not be met by any in-state agency given the non-existence of offender family services in this State.
- 7) Amended Section 3 to refer only to the Oahu Community Correctional Center as what is intended is a Pilot Program before family services are extended to other facilities.
- 8) Deleted any reference to an appropriation and specified that the effective date of this act as of July 1, 1988 because the Department needs additional time to develop plans and cost finances.

Your Committee on Corrections 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 referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 299 Corrections on S.B. No. 359

The purpose of this bill is to establish within the Department of Social Services and Housing (DSSH), a Correctional Industries Division to be headed by an administrator with assistance from a Correctional Industries Advisory Board with representation from private industry and labor representatives. This bill also specifies that revenues generated from correctional industries and deposited into the correctional industries revolving fund may be utilized by the DSSH to defray the necessary costs of operating and expanding prison industries, such as hiring administrative staff and consultants.

Operation and expansion of correctional industries is highly desirable from the standpoint of reducing inmate idleness, creating useful work opportunities for inmates within the prison facilities and developing self-supporting vocational programs for inmates. The passage of this bill is absolutely necessary to promote the development and expansion of correctional facilities within our prison system.

Your Committee finds that this bill would eliminate many of the obstacles which presently impede expansion of prison industries. For example, a serious problem affecting the expansion of correctional industries is the Corrections Division's inability to devote more time and resources to the planning and development of prison industries. This is largely due to the Division's need to focus primarily on addressing issues relating to security and prison overcrowding. Another obstacle is the lack of a comprehensive marketing plan for prison

industries necessary to ensure effective operation and profitability.

This bill would help to resolve these problem areas by establishing a separate industries division managed by an administrator and an advisory board whose major responsibilities will include operating, expanding, and monitoring correctional industries. The existence of a separate division for correctional industries will help to insure that this important area will receive the continuous and focused attention that it needs.

In its testimony on correctional industries, DSSH also cited the need to exempt correctional industries from public bidding requirements. Your Committee finds that this is extremely necessary, as materials and supplies need to be purchased in a timely fashion to maintain an optimum level of efficiency and productivity in the operation of correctional industries. However, this bill also requires the submittal of detailed financial statements and regular audits of correctional industries to insure fiscal integrity and accountability of the Program.

Your Committee further notes that other states with more experience than Hawaii in the area of correctional industries have established either separate divisions of correctional industries or prison industry authorities. In fact, this bill is patterned after the California and Utah correctional industries laws. We also point out that the Chairman of your Corrections Committee transmitted a copy of this bill to the Executive Director of the California Prison Industry Authority, Mr. David Craig, who made very favorable comments concerning the bill. Mr. Craig indicated in a letter to your Chairman that the creation of a correctional industries division is necessary both to establish correctional industries as a high priority and to provide the industries' administrator with the high level authority and clout to implement his directives within the various prison facilities. An additional observation is that the authority which this bill provides to the correctional industries' administrator enhances the prospect that persons with considerable business expertise will apply for this position.

Your Committee, upon consideration of the various testimonies received, has made the following amendments to this bill:

- 1) Added another new section to Chapter 354, Hawaii Revised Statutes, to provide that the Division shall procure at least three price quotations before making any purchases of materials, supplies, and equipment, and that it shall choose the vendor with the lowest price; and
- 2) Filled in the amount for the appropriation with \$98,000 for fiscal year 1987-1988.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 359, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 359, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 300 Planning and Environment on S.B. No. 1273

The purpose of this bill is to relieve a major threat to the State's marine environment created by oil spillage in state waters and to provide civil penalties therefor.

Your Committee finds and declares that the highest and best use of the coastal waters of the State are as a source of public and private recreation and solace from the pressures of an urban society, and as a source of marine life useful in food production and other commercial activities.

Your Committee received testimony from the Department of Health and the Department of Land and Natural Resources which concurs with the purpose and intent of this bill. However, it was pointed out that the section establishing a state oil spill contingency plan would duplicate response efforts presently carried out under the auspices of the United States Coast Guard and the Hawaii State Department of Civil Defense. Testimony received from the Clean Island Council indicated support for the assessment of civil penalties for any intentional or negligent water pollution deposits.

Your Committee upon consideration of this bill and the review of numerous testimonies, believes that the bill should be broadened to include other sources of water pollution and the measure has been amended accordingly. Your Committee has also amended the bill to provide that it shall be the Department of Health who shall have the primary responsibilities to carry out the provisions.

Your Committee has further amended the bill to remove the duplication of effort in formulating a comprehensive contingency plan to combat the effects of water pollution caused

by oil spillage. The section establishing a cleanup and abatement fund has been retained to assist the responsible governmental agency in cleaning up the water pollution or abating its effects on state waters. The section on emergency injunctions was also amended to conform with recommended drafting style.

Your Committee on Planning and Environment 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. 301 Transportation on S.B. No. 1014

The purpose of this bill is to provide funds for the planning, design, and construction of busbays along the bus routes throughout the eighth senatorial district.

Testimony submitted to your Committee indicates that such busbays are necessary to alleviate traffic congestion and safety problems due to buses stopping along the highway where no turnouts are available.

Your Committee has amended the bill to reflect the need for busbays throughout the entire Windward Oahu area. This includes that section of Kalaniana'ole Highway from Lunalilo Home Road to Castle Junction, and that section of Kamehameha Highway from Castle Junction to Weed Junction, Haleiwa.

Your Committee has appropriated a total of \$130,000 for the fiscal year 1987-1988 for this project. This sum reflects the estimated cost of \$100,000 for construction of busbays, along with \$20,000 for planning and \$10,000 for design.

Your Committee has further amended the bill to allow the Department of Transportation the discretion to develop these busbays in whatever manner they deem appropriate, and shall be the expending agency for this project. The Department testified in favor of this bill and indicated a willingness to undertake these improvements.

Your Committee has also made non-substantive changes for the purpose of clarity and conformance with recommended drafting style.

It is the intent of your Committee that the Department of Transportation use the planning monies that are provided herein to identify those bus stops that are most hazardous to public safety and cause greatest disruption in traffic flow.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1014, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1014, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 302 Transportation on S.B. No. 1641

The purpose of this bill is to provide funds for the cost of construction and inspection to complete the improvement of Salt Lake Boulevard, extending from Kamehameha Highway to Kahuapaani Street.

Your Committee received testimony from the City and County of Honolulu that indicated a State responsibility to improve this last unimproved section of Salt Lake Boulevard. The City and County of Honolulu holds a written agreement with the State Department of Accounting and General Services in which the State agreed to construct the necessary improvements to Salt Lake Boulevard in accordance with the construction of Aloha Stadium. To this date, the State has not fulfilled its agreement in full.

Your Committee has amended the bill to provide that the funds shall be appropriated for the fiscal biennium 1987-1989, and provide that the effective date be July 1, 1987.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1641, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1641, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 303 Transportation on S.B. No. 1750

The purpose of this bill is to allow the Department of Transportation to increase or decrease future fees and charges by adoption of rules for vessels registered pursuant to Section 267-11, Hawaii Revised Statutes.

Presently rate increases or decreases are subject to legislative action. Your Committee received testimony from the Department of Transportation indicating a need for greater flexibility to adjust these vessel registration fees to cover the cost of administering the vessel registration program. The Department testified that money from other programs had been shifted to cover the deficits encountered in this program.

Your Committee finds that while it may be desirable for the Department to have the flexibility to adjust their rates to meet their administrative costs, it is also important that the Legislature not relinquish its responsibilities of review and oversight.

Your Committee has therefore amended the bill to include a drop-dead clause after five years, at which time the Legislature shall review the Department's fee structure and the increases or decreases that have been made to the vessel registration fees and charges up to that time. The Department indicated their support for the proposed amendments.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1750, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1750, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 304 Health on S.B. No. 1727

The purpose of this bill is to require fluoridation of all public water supplies in the State and to provide for the financing thereof.

Many scientific studies conducted over the past several years have proven that fluoride is effective in reducing tooth decay and other dental problems. Many of the largest cities in the United States have fluoridated their water without any undue effects. However, whenever the subject has arisen in communities whose water has not yet been fluoridated, there has been public outcry from significant segments of the population claiming that fluoridation causes a wide range of disorders such as allergies and other chronic ailments.

Your Committee and the House Committee on Health held a public hearing in which dozens of people presented their views, and after considering the ramifications of the issue, your Committee has decided to approve the bill, but in an amended form. As amended the bill would provide for assessment of public sentiment in all water supply areas by means of public referendum, mail ballot, public meetings involving discussion and voting, or any other method which would reasonably reflect the sentiments of the people in each area, before a given water supply area is fluoridated.

Your Committee strongly believes that Hawaii's children deserve the opportunity to grow up with good dental health, and that fluoridation is the most effective means of achieving such public purpose. Your Committee also believes that the people should decide whether or not they want their water fluoridated, regardless of whether their opinions on the effects of fluoridation are valid or not. In the hopes that most people will choose in favor of fluoridation, your Committee has also amended this bill to provide for public education on the benefits of fluoridation so that voters or community members may make informed decisions when they are asked to express their preferences.

Your Committee has further amended the bill by (1) providing more flexibility to the Department of Health in administering a fluoridation program; (2) deleting the section on prohibited acts, which your Committee believes is already provided in statute; and (3) by making other technical and language changes to be consistent with the intent of your Committee to allow public expression of sentiment on the subject before affirmative action is taken.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1727, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1727, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 305 Health on S.B. No. 1729

The purpose of this bill is to bring under control the rental of private residences to groups of

unsupervised or unrelated individuals.

Landlords frequently rent their property to unrelated individuals. Some of these individuals do not have the self-discipline nor life-style compatible with a tranquil and secure neighborhood. In certain instances they have caused great disturbances of the peace, but by the time the police respond the evidence has dissipated, or else the police are constrained by civil rights concerns.

Your Committee heard testimony in support of this measure from the Director of Health and the Director of the Finance of the City and County of Honolulu and finds that this measure would clarify and strengthen the authority of the counties relating to licensing and regulating of private group residences. However, your Committee agrees with the Department of Health and the Department of Finance that further changes in the law are necessary to effectively carry out the intent of this bill. Therefore, your Committee has made the following amendments:

- (1) Repealed section 445-91, Hawaii Revised Statutes, because fees for lodging or tenement houses are now provided for in section 445-92, as amended;
- (2) Added a new subsection (b) to section 445-94 requiring an applicant to obtain a clearance from the appropriate county agency responsible for insuring compliance with the county's building and zoning codes as a condition precedent to licensing;
- (3) Amended section 445-95(6) to provide that agents of the State Department of Health and county agents shall have unlimited access to the premises as a condition precedent to licensing; and
- (4) Made technical non substantive changes to conform the bill to recommended legislative drafting format.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1729, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1729, S.D. 1, and be referred to the Committee on Government Operations.

Signed by all members of the Committee.

SCRep. 306 Health on S.B. No. 1292

The purpose of this bill is to provide allotment and budget flexibility to the County/State Hospital System.

The Thirteenth Legislature, through Act 320, Session Laws of Hawaii 1986, provided the University of Hawaii and the Department of Education with the flexibility to manage their own allotment and budgeting as long as they stayed within ceilings established by the governor and the legislature. This bill would provide the same flexibility to the twelve hospitals, along with Hana Medical Center, which comprise the County/State Hospital System.

Your Committee heard testimony in support of this bill by the Director of Health and finds that the County/State Hospital System requires maximum flexibility in order to provide appropriate levels of care to their communities. In addition, your Committee finds that as competition increases in the health care field, and as improvements in equipment and treatment procedures and techniques become available with increasing frequency, the County/State Hospital System will be better able to respond to change while continuing to provide quality medical care at reasonable cost, if the System is provided with the kind of self-determination of funding provided in this bill.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1292 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. 307 Agriculture, Energy and Ocean Resources on S.B. No. 972

The purpose of this bill is to change the excise tax on fuel oil purchased by electric utilities for the generation of electric energy, and on the liquid petroleum gas purchased by producers of gas energy for the production of gas energy from the retail sales rate of four percent to the wholesale rate of one-half of one percent.

The electric and gas utilities currently pay the four percent rate on fuel purchases because, under current law, they do not resell the fuel, but instead use it in the production of their final product: electricity or gas.

Your Committee received testimony in support of this bill from the department of commerce and consumer affairs and Hawaiian Electric and its subsidiaries. The Hawaii Sugar Planters Association also testified in support of the bill but asked that the sugar plantations' fuel for steam and electric power production be included, and that section 237-13, Hawaii Revised Statutes, be amended instead of sections 237-4 and 238-2. The department of taxation testified against the bill on the grounds that the wording was confusing and that the oil and gas purchases are consumed and not resold by the utilities.

Hawaiian Electric testified that the change in tax rate would mean a savings to its electric customers of \$7.3 million. These savings would automatically pass on to electric customers in its entirety through the fuel adjustment provision in electric rates.

Your Committee acknowledges that the reduction in the tax rates proposed herein might impact negatively on the tax revenues of the State. However, your Committee believes that a reduction in the cost of electric and gas energy will help the people of Hawaii and is in the public interest.

Your Committee has amended the bill to clarify that the recipient of the lower tax rate will be a public utility or a supplier of electric energy to the public as follows:

1. Page 5, line 8, after "electric energy" insert "under the jurisdiction of the public utilities commission pursuant to chapter 269 where the fuel imported or purchased is to be used for the generation and sale of electric power;"
2. Page 5, line 10, after "gas energy" insert "under the jurisdiction of the public utilities commission pursuant to chapter 269 where the liquid petroleum gas imported or purchased is to be used for the production and sale of gas energy;"
3. Page 5, after paragraph (11), add "(12) Sales of fuel to a producer of steam and electric energy where the fuel imported or purchased is to be used for the production and sale of steam or the generation and sale of electric power.";
4. Page 8, beginning line 19, delete "importing or purchasing fuel oil which";
5. Page 8, line 19, after "electric energy" insert "under the jurisdiction of the public utilities commission pursuant to chapter 269 where the fuel imported or purchased";
6. Page 8, line 22, delete "importing or purchasing liquid gas petroleum gas which";
7. Page 8, line 21, after "gas energy" insert "under the jurisdiction of the public utilities commission pursuant to chapter 269 where the imported or purchased liquid petroleum gas"; and
8. Page 9, after line 1, insert "or (F) a producer of steam and electric energy where the imported or purchased fuel is to be used for the production and sale of steam or the generation and sale of electric power,".

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 972, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 972, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 308 Agriculture, Energy and Ocean Resources on S.B. No. 1357

The purpose of this bill is to establish a user advisory board to advise the department of land and natural resources' division of water and land development on matters of concern to the users of the system.

Your Committee heard testimony from the Chairperson of the Board of Land and Natural Resources that he would have no objection to the establishment of such a board. Testimony in favor of the bill was heard from the President of the Molokai Farm Bureau and from Daniel Kuhn, Noelani Joy, and Matthew Adolpho, who are commercial farmers on Molokai.

Your Committee has amended this bill to provide representation on the user advisory board for the presidents of the Molokai Farm Bureau, the Hikiola Cooperative, and the Molokai-Lanai Soil and Water Conservation District and to repeal the user advisory board after four years.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and

purpose of S.B. No. 1357, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1357, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 309 Agriculture, Energy and Ocean Resources on S.B. No. 1492

The purpose of this bill is to increase the amount of the income tax credit for solar or wind energy devices, heat pumps, or ice storage systems.

Under this bill, the individual income tax credit for any solar or wind energy device, heat pump, or ice storage system will increase to twenty-five percent effective January 1, 1988. The corporate income tax credit for any solar or wind energy device, heat pump, or ice storage system will remain at ten percent until December 31, 1988, and will increase to fifteen percent effective January 1, 1989 to reflect the expiration of the federal commercial tax credit. This bill also repeals the provision increasing the state energy tax credits to 15 percent if the federal energy tax credits are not extended or reenacted.

Your Committee received testimony in support of this bill from Energy Products International (a manufacturer of solar energy equipment), GSI Solar Contracting, Inc. (an installation and service contractor), the Hawaii Solar Energy Association (a professional trade association of retailers, contractors, manufacturers, and distributors), Inter-Island Solar Supply (a wholesale distributor of solar thermal and electric equipment), and the Solar Electric Company, Inc. (a firm specializing in photovoltaic systems and applications). The Hawaiian Electric Company and its subsidiaries also submitted testimony in support of the bill and recommended changes to clarify the intent of the bill with respect to federal tax credits for commercial systems.

Based on testimony submitted, your Committee has amended the bill to:

- 1) increase the income tax credit for corporate resident taxpayers to twenty-five percent for one year effective January 1, 1988 for any solar or wind energy device, heat pump, or ice storage system, then decrease the tax credit to fifteen percent beginning January 1, 1989; and
- 2) delete language referring to the expiration of the federal commercial tax credit on December 31, 1988.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 1492, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1492, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 310 Agriculture, Energy and Ocean Resources on S.B. No. 1708

The purpose of this bill is to allow the department of agriculture to transfer funds between the agricultural loan revolving fund and the aquaculture loan revolving fund.

The chairperson of the department of agriculture testified that as of December 31, 1986 the aquaculture loan revolving fund had only \$124,695 available for loans, while the agricultural loan revolving fund had \$8,724,126. It is difficult to predict the future demand for aquaculture loans, and additional funds may be required if loan activity or anticipated loan volume exceeds available funds.

Both of these loan programs are very similar, and having the flexibility to transfer funds between the two revolving funds as the need arises will enable the department to meet the objective of both programs on a more timely basis.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 1708 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. 311 Tourism and Recreation on S.B. No. 1467

The purpose of this bill is to promote water safety at Hawaii's beaches and clarify where

responsibility for beaches lies as between the State and the various counties.

Under this bill, the State would retain primary responsibility for water safety at Hawaii's beaches, however, counties would be authorized to provide lifeguard services at state beaches if they determine that such action is warranted. Also, the Department of Education would be entrusted with educating Hawaii's young people on water safety, and an appropriation would be made for that purpose.

Your Committee believes that it is appropriate and necessary for the State to take the lead in providing for water safety. However, your Committee heard considerable testimony objecting to the provision of the bill that would grant immunity from civil liability to any lifeguard rendering emergency care, except in cases where the lifeguard's actions constitute gross negligence or wanton acts or omissions. Your Committee also shares reservations about that provision, and has therefore deleted it from the bill. Your Committee believes that the concern for liability relating to lifeguard activities is adequately addressed by case law and principles of civil liability, which hold that where lifeguard services are offered, they must be rendered with reasonable care.

Your Committee has also amended section -2 of the proposed new chapter to clarify the intent of this measure that counties be granted the authority to provide lifeguard services at any state beach or at any county beach under its jurisdiction.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 1467, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1467, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 312 (Joint/Majority) Tourism and Recreation and Transportation on S.B. No. 899

The purpose of this bill is require that the general excise tax collections on liquid fuel sold for small boats be deposited into the State's boating special fund. This bill would also require that the general excise tax collections for the manufacture, distribution, wholesale, retail sale, lease, and rental of small boats be deposited into the boating special fund.

Under current law, the Director of Transportation is authorized to establish formulas or standards to determine a percentage of the total general excise tax collections on liquid fuel attributable to small boats. The percentage is then used to determine the amount of revenues from this source which is to be deposited into the boating special fund. In addition, all fees and penalties collected under the State's boating law are deposited directly into the boating special fund.

Your Committees find that the annual level of revenues currently deposited into the boating special fund is insufficient to meet the needs of the State's boating program. This bill, therefore, would increase revenues for the boating special fund to more adequately support the needs of the boating community.

Your Committees have amended this bill by including general excise tax revenues from the manufacture, distribution, wholesale, retail sale, lease, or rental of small boat engines among the revenues to be deposited into the boating special fund. Your Committees have also amended the bill by making technical changes which have no substantive effect.

Your Committees on Tourism and Recreation and Transportation are in accord with the intent and purpose of S.B. No. 899, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 899, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senator Ikeda.
Senators Fernandes Salling, George and Reed did not concur.

SCRep. 313 Housing, Hawaiian Programs and Natural Resources on S.B. No. 548

The purpose of this bill is to provide the Office of Hawaiian Affairs (OHA) the right to acquire kuleana lands by escheat.

The Uniform Probate Code, Chapter 560, Hawaii Revised Statutes, provides that if there is no taker under the intestate provisions of Article II, the intestate estate passes to the State. This bill provides that under such circumstances, the kuelana land would pass to OHA rather than the State.

Testimony submitted by the Executive Director of Native Hawaiian Legal Corporation supports the measure and points out that another section of the law, Section 532-15, Hawaii Revised Statutes, specifically provides that if a kuleana land owner dies leaving no surviving legal heirs, the kuleana land shall escheat to the owner of the ahupuaa or other denomination of land of which the kuleana had originally formed a part.

Your Committee finds that the present situation arising from the provisions in Section 532-15, Hawaii Revised Statutes, allows large landowners who have no claim by inheritance, were not bona fide purchasers, and did not satisfy the adverse possession doctrine, to acquire by escheat kuleana lands merely because the kuleana land was situated in or formed a part of the larger parcel of land. This archaic practice based upon a law which is over a hundred years old should be repealed to allow OHA to acquire kuleana lands for the benefit of its beneficiaries.

Accordingly, your Committee has amended the bill by repealing Section 532-15, Hawaii Revised Statutes, and by making technical language changes which clarifies the intent of this bill.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 548, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 548, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Yamasaki and Ikeda.

SCRep. 314 Housing, Hawaiian Programs and Natural Resources on S.B. No. 414

The purpose of this bill is to amend sections 237-29 and 359G-15, Hawaii Revised Statutes, by repealing the current general excise tax exemptions for all gross income received by (1) "a nonprofit or a limited distribution mortgagor for a low and moderate income housing project certified under section 359G-15"; and (2) "existing low and moderate income housing projects receiving government assistance under an agreement with a governmental body that regulates rents and operations of the projects."

Your Committee concurs with the testimony submitted by the Department of Taxation and the Department of Social Services and Housing which stated that the original intent of these provisions was to provide tax exemption incentives to attract competent private sector participation in the construction of new low and moderate income housing units. However, the provisions inadvertently included existing housing projects which were receiving government assistance, which would in effect amount to a double public benefit.

Accordingly, this bill clarifies the intent of the general excise tax exemption and narrows its scope to only newly constructed or rehabilitated projects developed with Hawaii Housing Authority assistance.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 414 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 Yamasaki and Ikeda.

SCRep. 315 Housing, Hawaiian Programs and Natural Resources on S.B. No. 1320

The purpose of this bill is to assure individuals the right to sue in the courts of the State of Hawaii to facilitate the administration of the Hawaiian Homes Commission Act and the public trust created by Article XII, Sections 4, 5, and 6 of the State Constitution.

Your Committee received testimony from numerous individuals and groups and from the Office of Hawaiian Affairs, the Department of Hawaiian Homes Lands and the Attorney General of the State of Hawaii.

Your Committee believes that a beneficiary of a trust should have the right to sue trustees if the beneficiary believes that the trust is being improperly managed. Your Committee therefore is in support of passage of this measure after making the following amendments to better balance the equities involved and the constitutional questions raised.

1. The bill has been amended to add provisions for awarding attorneys fees and costs to the prevailing party in appropriate circumstances.

2. The State's waiver of sovereign immunity under the provisions of this bill was clarified by an amendment to the bill.

3. The bill was amended in order to provide that any cause of action arising under this bill would take retroactive effect to August 21, 1959 and also to provide for a six year statute of limitation which would only be imposed from the time this measure is approved.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 1320, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1320, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Yamasaki and Ikeda.

SCRep. 316 Housing, Hawaiian Programs and Natural Resources on S.B. No. 4

The purpose of this bill is to appropriate funds for the operation of the Office of Hawaiian Affairs (OHA).

The bill breaks down OHA's budget request by program appropriation, identifying the general fund and special fund requirements for each program and accountability of costs associated with each program.

Your Committee, upon discussion of the program areas in the budget, recommends the following:

1. That OHA and the Office of Hawaiian Home Lands (HHL) draft a memorandum of understanding to work together to aid in the development of lands controlled by the HHL. OHA may then use its funding as collateral to obtain financing for the development of infrastructures thereby making HHL land developable for homestead purposes. HHL should look into the possibility of a cost sharing venture with the State of Hawaii for infrastructure development.
2. That OHA define the direction it is taking on behalf of the Hawaiians so the Legislature can aid in the process. OHA should act as a magnet to pull Hawaiians together.
3. That OHA lead the way in getting Hawaiians recognized by the federal government as Native Americans.
4. That OHA set a high priority to establish a program to assist Hawaiians in the area of spouse, child and elderly abuse. It should include the training of professionals to upgrade service in the Hawaiian community. OHA should compile a resource list of counselors that can be utilized by the Department of Social Services and Housing for the assignment of personnel in Hawaiian communities.
5. That OHA study the possibility of including a botanical garden in its Hawaiian Healing Arts program (OHA 105).
6. That OHA study the feasibility of assuming the responsibility of overseeing land and site preservation now vested within the Department of Land and Natural Resources and administering major celebrations and programs relating to the Hawaiian culture (Kamehameha Day, Aloha Week).
7. That OHA hold public hearings in identified Hawaiian communities on the multi-year program and the operating budget and that copies of the program and the budget be mailed to all concerned Hawaiian groups. OHA should work with the Hawaiian Political Action Council of Hawaii to develop and implement the mailing program. The Hawaiian community must have input in the development of OHA's legislative budgetary package before it is presented to the Legislature.

Your Committee, after analyzing the budget, made several amendments which should be fiscally responsible to the Office of Hawaiian Affairs.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 4, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 4, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Yamasaki and Ikeda.

SCRep. 317 Housing, Hawaiian Programs and Natural Resources on S.B. No. 1723

The purpose of this bill is to authorize the Hawaii Housing Authority (HHA) to sell taxable

mortgage securities.

Presently, the HHA is authorized to sell tax exempt mortgage securities in the form of bonds through the Hula Mae Loan Program. Although the Program is very successful, the new federal Tax Reform Act of 1986 will place much stricter income and purchase price limits on the Program. A large percentage of the families and properties which have previously qualified for Hula Mae financing will no longer qualify under the new federal laws regulating tax-exempt mortgage revenue programs. In addition, federal authorization for such programs will sunset on December 31, 1988.

This bill will allow the HHA to raise funds from private investors through the sale of taxable mortgage securities and continue to provide low-interest home loan rates to first-time home buyers who could not otherwise qualify for a home loan.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 1723 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 Yamasaki and Ikeda.

SCRep. 318 (Joint) Labor and Employment and Education on S.B. No. 636

The purpose of this bill is to provide that class size in the public schools, including the pupil-teacher ratio, shall be determined by the Department of Education through the collective bargaining process.

Currently there is no class size limit or pupil-teacher ratio for the public schools. This means that while some classes may be small, others are very large. Earlier attempts to address this issue have failed as prior budgetary constraints, philosophies, and priorities precluded resolution of this issue.

Your Committees believe that the issue of class size can be effectively resolved through the collective bargaining process. However, this bill as written would appear to allow the Department of Education to make the decision unilaterally. Therefore, your Committees have amended the bill by providing that class size and pupil-teacher ratios shall be a negotiable item for the purposes of collective bargaining under Chapter 89, Hawaii Revised Statutes.

Your Committees have also amended this bill by changing the effective date to July 1, 1988 to allow sufficient time for class size and teacher-pupil ratios to be negotiated.

Your Committees on Labor and Employment and Education are in accord with the intent and purpose of S.B. No. 636, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 636, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senator Ikeda.

SCRep. 319 Labor and Employment on S.B. No. 1366

The purpose of this bill is to permit a contributory member of the Employees' Retirement System to retire after 25 years of credited service without penalty.

Presently, under the contributory retirement plan, when a general employee or teacher with at least 25 years of credited service retires prior to age 55, the retirement allowance is computed as though the member had attained age 55 and reduced in accordance with the factors of actuarial equivalence adopted by the Board upon the advice of an actuary.

This bill would allow a contributory member to retire prior to age 55 without having the member's retirement allowance reduced.

Your Committee on Labor and Employment 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 except Senator Yamasaki.

SCRep. 320 Labor and Employment on S.B. No. 1367

The purpose of this bill is to increase the monthly retirement allowance by an additional \$1 per month for each year of credited service for those pensioners with at least ten years of

credited service who retired prior to July 1, 1982.

The bill is to provide financial relief to these retirees to combat the steady erosion of the purchasing power of their pension because of inflation and the minimal post retirement provisions of the law.

Your Committee heard testimony from representatives of the coalition of Hawaii State-Counties Retirees Association strongly supporting passage of this bill. It was noted that prior to collective bargaining, it was the practice of the legislature to grant retirees the same increases that were granted to active employees. With the advent of collective bargaining, the retirees have had to request the legislature annually to make adjustments to their pensions.

Your Committee, upon consideration of the bill and review of the testimonies, finds that the bill will provide a measure of financial relief to those pensioners who made government service their careers and is consistent with the legislature's policy regarding Hawaii's retired public employees.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1367 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 Yamasaki.

SCRep. 321 Labor and Employment on S.B. No. 1739

The purpose of this bill is to establish what is commonly known as the "Employer Pick Up Plan" pursuant to the Internal Revenue Code, section 414(h)(2).

The plan would allow members under the Employees' Retirement System's contributory plan to make contributions with "before tax" dollars rather than "after tax" dollars beginning January 1, 1988.

Your Committee heard testimony from the Secretary of the System who indicated that the System has received a favorable ruling from the Internal Revenue Service that would allow the State of Hawaii to establish such a plan with the following conditions:

- (1) That all contributory members participate in the plan; and
- (2) That the effective date of the plan be prospective.

Further, members of the pick up plan will enjoy a slightly higher net take-home pay without any additional cost to employers.

Both the Hawaii Government Employees' Association and the Hawaii State Teachers Association testified in favor of adopting this plan.

Your Committee has amended the bill by changing the date on page 3, lines 6 and 7, from December 31, 1987 to January 1, 1988 and by making a technical change which has no substantive effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1739, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1739, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 322 Labor and Employment on S.B. No. 1383

The purpose of this bill is to allow public employees who are employed in shortage category positions to be compensated for overtime work, standby-duty and temporary hazard duty pay for their current rate of pay which includes a temporary shortage differential.

Your Committee finds that public employees who are recruited for shortage category positions are awarded pay differentials as an incentive for accepting the position. The pay differential however, is not a consideration and is not included in an employee's base salary when calculating overtime work, standby-duty and temporary hazard increases for these employees.

Your Committee finds this practice to be unfair and clearly illustrates the inequitable application of salary adjustments.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1383 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 Yamasaki.

SCRep. 323 Labor and Employment on S.B. No. 437

The purpose of this bill is to delete the reference to "deputy fish and game warden" and substituting the term "conservation and resources enforcement officer"; and to delete the reference to the "division of fish and game" and substituting the term "division of conservation and resources enforcement."

Your Committee heard supporting testimony from the Department of Land and Natural Resources indicating that due to reorganization within the Department, the Division of Fish and Game no longer exists; instead the Division of Aquatic Resources and Division of Conservation and Resources Enforcement were established, with the wildlife section of the former Fish and Game division transferred to the Division of Forestry.

Your Committee concurs with this housekeeping amendment to delete the obsolete terms and to be legally consistent with the existing statutory provisions.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 437 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 Yamasaki.

SCRep. 324 (Majority) Labor and Employment on S.B. No. 17

The purpose of this bill is to include psychologists under the definition of "physician" for the purposes of the workers' compensation law.

Section 386-1, Hawaii Revised Statutes, specifies that only doctors of medicine, dentists, chiropractors, osteopaths, naturopaths, and optometrists are to be considered physicians. Section 386-21 provides that if medical care is needed, an injured employee may select any physician or surgeon to provide the care. This bill would allow a claimant to select a psychologist as the physician of record.

Your Committee heard testimony in support of this bill by the Hawaii Psychological Association and a number of health care providers. On the other hand, your Committee heard convincing testimony from the Chamber of Commerce, the Hawaii Insurers Council, the Hawaii Independent Insurance Agents Association, and the Department of Labor and Industrial Relations, all in opposition.

After consideration of all the testimony, your Committee has strong reservations about the cost-effectiveness of this measure. In addition, your Committee has doubts about the propriety of designating psychologists as "physicians" and is concerned about the implications if psychologists are to become independent providers under the workers' compensation law. Your Committee further notes that under current law, an injured worker who requires the services of a psychologist may obtain them through referral by the physician.

However, despite your Committee's doubts, your Committee believes that this measure has sufficient merit as a concept to warrant further discussion, and is therefore approving it with reservations.

Your Committee on Labor and Employment 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 except Senator Yamasaki.
Senator Reed did not concur.

SCRep. 325 Labor and Employment on S.B. No. 311

The purpose of this bill is to amend Section 89C-2, Hawaii Revised Statutes (HRS), to cover officers and employees in the Excluded Managerial Compensation Plan.

Section 89C-2, HRS, specifies the adjustments required or permitted for officers and employees excluded from collective bargaining, however, it does not cover employees in the

Excluded Managerial Compensation Plan.

Your Committee received testimony from the Director of Personnel Services in support of the bill and finds that the implementation of the Excluded Managerial Compensation Plan in 1981 renders the existing statutory language, Section 89C-2(1), HRS, inapplicable to positions affected by the Excluded Managerial Compensation Plan.

Your Committee is in agreement with the Department of Personnel Services that managerial employees should be compensated no less than their subordinates who are included in a collective bargaining unit.

Your Committee has amended the bill by making a technical change which has no substantive effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 311, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 311, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 326 Labor and Employment on S.B. No. 342

The purpose of this bill is to provide the credited service and eligibility for retirement requirements for those members who terminate or retire and return from government service and members who transfer noncontributory to the contributory plan and vice versa.

This bill proposes the following:

1. Provides that eligibility for retirement allowance for public employees shall be determined by a total of all credited services as a class A, B or C member (noncontributory pension plan);
2. Provides that a member age 55 shall receive a retirement allowance of two per cent of the average final compensation multiplied by the number of years as a class A or B member plus one and one-fourth per cent of the average final compensation multiplied by the number of years as a class C member;
3. Amends the reenrollment procedure for class A and B;
4. Stipulates the mode of retirement and restoration of service credit for a class C member returning to employment after termination;
5. Adds a provision for a class C member who terminated with vested rights;
6. Allows a class C member with 20 years of credited service to retire prior to age 62 with a vested right and be eligible for normal retirement allowance payable when the member attains age 62, or early retirement allowance when the member is 55; and
7. Amends the retirement allowance options to include disability retirement.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 342 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 Yamasaki.

SCRep. 327 Labor and Employment on S.B. No. 347

The purpose of this bill is to allow the member's beneficiary to continue to receive the member's cumulative post retirement allowance after the member's death.

Under current law, when a contributory member retires and selects Option Two or Three, it provides the member's beneficiary with a percentage, 100% and 50% respectively, of the basic allowance being received by the retirant which does not include the post retirement allowance at the time of death.

Your Committee received favorable testimony from the Coalition of Hawaii State-Counties Retirees Association and finds that the beneficiary of a member who was receiving post retirement allowances should be entitled to receive the same allowance after the member's death.

Your Committee has amended the bill to provide for the inclusion of cumulative post retirement allowances in the amounts payable to a non-contributory member's beneficiaries under section 88-283.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 347 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 Yamasaki.

SCRep. 328 Labor and Employment on S.B. No. 633

The purpose of this bill is to make collective bargaining negotiations of public employers' contributions to the Health Fund consistent with the health benefits changes authorized by the State Legislature in Act 304, Session Laws of Hawaii (SLH) 1985.

Your Committee examined Act 254, SLH 1984, which authorized collective bargaining negotiations to determine the amount of public employer contributions for the medical, hospital, surgical and dental benefits of a health benefits plan and for group life insurance benefits; and Act 304, SLH 1985, which authorized the Health Fund's Board to contract for additional health benefit plans covering adult dental, prescription drug, and vision care benefits.

Your Committee finds that the Collective Bargaining Law should be amended accordingly to recognize the availability of additional employee fringe benefit plans.

This bill substitutes the terms "medical, hospital, surgical" for the term "health," or vice-versa where applicable, deletes the requirement that the monthly contribution made by employers to the Health Fund shall be based on the Hawaii Medical Service Association's regular plan rates which are approved by the Board and to make similar changes in the Collective Bargaining Law by cross referencing the definition of health benefits plan in section 89-9, HRS.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 633 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 Yamasaki.

SCRep. 329 Labor and Employment on S.B. No. 983

The purpose of this bill is to conform the language pertaining to group life insurance benefits in section 87-23, Hawaii Revised Statutes (HRS), to other sections on employee benefit plans governing:

- 1) Health benefits plan (Section 87-22.3, HRS) and
- 2) Dental plan benefits (Section 87-22.5, HRS).

This bill would eliminate the requirement that the Board of Trustees of the Public Employees Health Fund purchase group life insurance benefits equal to the amount of the public employers' contribution of \$2.25 per month per employee. Presently, other sections of the Health Fund Law do not contain any references to fixed-dollar contribution amounts.

Your Committee finds that deleting the existing reference to the \$2.25 contribution amount for group life insurance benefits enables the Board to purchase group life insurance under a pooled concept for basic benefits and a supplemental plan for excess benefits as may be required by future collective bargaining negotiations. By allowing the Board greater flexibility, this bill will enable the Health Fund to more efficiently administer the group life insurance programs for public employees.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 983 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 Yamasaki.

SCRep. 330 (Joint) Education and Labor and Employment on S.B. No. 924

The purpose of this bill is to appropriate funds to provide a one-time bonus to full-time teachers who teach the entire 1987-88 school year.

The intent of this bill is to provide immediate financial incentives for individuals to enter teaching in the Department of Education and for existing teachers to continue their careers as classroom teachers.

The bill has been amended to provide appropriations for each of the fiscal years of the next biennium and to specify that a full-time teacher for each of the next two school years shall be entitled to a bonus of two percent of the teacher's salary for that school year.

It is emphasized that the bonuses provided by this bill are discretionary actions of the Legislature and are independent of any salary adjustments and benefits that might result from collective bargaining.

Your Committees on Education and Labor and Employment are in accord with the intent and purpose of S.B. No. 924, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 924, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senators B. Kobayashi, Yamasaki and Ikeda.

SCRep. 331 Education on S.B. No. 926

The purpose of this bill is to make an appropriation for centers for basic and real-life skills to be called Real-Life Skills and Careers Centers.

The problem of alienated, or "high risk," students, is one that is recognized but nevertheless continues to grow. Although the department of education has established a number of alternative education approaches ranging from special motivation classes to off campus programs, a significant number of students continue to be "turned off" by school, as evidenced by absenteeism rates as high as 12 to 16 percent on a given day and 25 to 30 percent for any given class period.

Since 1979, one alternative which has achieved a 60 to 70 percent success rate for those students fortunate enough to have entered its limited slots has been the Career Opportunities Program (COP). Operated by the Employment Training Office of the Community College System of the University of Hawaii, COP, with its focus on entry-level job preparation and the basic skills needed to function in adult life has managed to capture the interest of students for whom all other alternative approaches had failed. The Employment Training Office has been able to succeed with these high risk students despite the scattered location of its facilities.

The moving of Kapiolani Community College to the Diamond Head campus comes at an ideal time to take COP further, make more slots available, and offer those academic subjects which COP would be hard pressed to provide to expanded numbers of high school students. The existing structure of the Employment Training Office and its prior experience with COP offers the least cost and most potentially effective alternative for high risk students than others that your Committee has considered.

Your Committee has added a new section 2 and 3 to describe the purpose and programs of the Centers and to establish the first Center at 620 Pensacola Street. Your Committee has provided for an appropriation of \$300,000 and renumbered the sections accordingly.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 926, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 926, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 332 Education on S.B. No. 1070

The purpose of this bill is to strengthen the laws regarding the kindergarten class attendance.

This bill requires the department of education to establish kindergarten classes as part of the public school system and to require the attendance of children who reach the age of five before September 1 of the school year. Those children who reach the age of five between September 1 and December 31 would be permitted to attend kindergarten.

Your Committee has amended the bill by changing the school year in which the bill takes effect to provide the Department of Education and affected parents sufficient time to accomplish the purposes of this bill.

Your Committee on Education 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. No. 1070, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 333 Education on S.B. No. 1484

The purpose of this bill is to create a temporary commission on educational governance to review the public school system and various governance alternatives.

This bill establishes a temporary commission consisting of members appointed by the governor and the presiding officers of the legislature which will conduct an objective review of the issues of educational governance. While these issues have revolved around the question of an elected versus appointed board, the intent of this bill is for the commission not to be limited by that immediate issue but to encompass the large and important questions of how best to enlist public participation in the public school system and how best to provide for the development of educational policy. In effect, what is called for is the analysis of a wide range of alternatives relating to governance, some of which are suggested in the bill.

Your Committee has amended the bill by providing an appropriation of \$100,000 to enable the commission to hire necessary temporary staff and to conduct an educational campaign to explain any proposed amendment. Your Committee also changed the effective date from "upon approval" to July 1, 1987, and added a colon and semicolons to section 1 of the bill for formatting purposes.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1484, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1484, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 334 Education on S.B. No. 1705

The purpose of this bill is to increase the compensation of Board of Education members.

The Board of Education testified in support of the bill, pointing to the fact that the rate has not been changed for 20 years while the responsibilities and time required for board membership have increased.

Your Committee has amended the bill by deleting the proposed new definitions and the proposed amendments to section 296-5, Hawaii Revised Statutes, changing the daily compensatory rate to \$100 for any official meeting, and placing a cap on the yearly compensation that any member can receive. The purpose of these amendments is to minimize the bookkeeping that would be required and to recognize that board membership is largely a public service, not employment.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1705, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1705, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 335 Education on S.B. No. 1293

The purpose of this bill is to appropriate funds for thirteen school projects on Oahu.

Your Committee has amended this bill by deleting the reference to St. Theresa's School and by providing that the sum appropriated shall be \$1.

Your Committee has further amended the bill by making a technical change which has no substantive effect.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1293, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1293, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 336 Education on S.B. No. 917

The purpose of this bill is to hire and appropriate \$64,980 for a deputy to the State Librarian.

Your Committee finds that the State Librarian is appointed and acts as chief executive officer for the Hawaii State Public Library System under the authority of the Board of Education. The position has the authority and responsibility similar to the 17 directors of State departments, i.e. planning and executing State programs under law through policies, rules and procedures utilizing facilities, personnel, and materials.

The State Librarian attends directors meetings and carries out all administrative laws and directives as do other directors. He also attends Board of Education meetings and its committee meetings to conduct policy studies and business which average approximately 50 per year. The State Librarian also attends monthly Library Advisory Commission meetings conducted in the four counties. As much or more so than other department directors, the State Librarian is open to public comment and action because he operates 48 public libraries statewide.

Your Committee finds that the State Librarian is in need and deserves a deputy to assist him in his many duties and responsibilities.

Your Committee has amended the bill by changing the proposed deputy's salary from \$64,980 to \$61,560. This change would provide a salary comparable to a first deputy in other departments and would be consistent with the proposed raise for the state librarian.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 917, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 917, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators McMurdo and Ikeda.

SCRep. 337 Education on S.B. No. 923

The purpose of this bill is to appropriate \$30,000 for in-service training and materials for children's programs in the state library system. The program concentrates on children in pre-three and three year old groups.

Presently, pre-school hours for children above three years of age are provided at libraries that have children's librarians. Pre-three programs are provided as special programming which include story and picturebook time, gross and fine motor development, color, shape, number and alphabet concepts, parts of the body identification, verbal skill development, socialization and sensory stimulation. This is done with intensive use of parents or other child caring adults.

Your Committee finds that children's programming has suffered from reduced funding the past few years. Given the high illiteracy rate and the evidence cited in the State of Hawaii Program Memoranda which "confirms the importance of early education for children", your Committee concurs with the testimonies presented supporting this bill.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 923 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 McMurdo and Ikeda.

SCRep. 338 Education on S.B. No. 1078

The purpose of this bill is to appropriate funds to various schools in the Fourteenth Senatorial District for capital improvement.

Schools in the Fourteenth Senatorial District that are requesting funds for capital improvements include Manoa Elementary School, Noelani School, Hokulani School, Stevenson Intermediate, Roosevelt High School and Kaimuki High School.

Your Committee has amended the bill as follows:

1. Deleted some of the appropriations for maintenance and repair projects at Manoa Elementary, Noelani School and Kaimuki High School.
2. Increased the appropriation amount for item g at Roosevelt High School from \$200,000 to \$500,000.
3. Increased the appropriation amount to Noelani School for the installation of air conditioning in the library.

4. Corrected the spelling of Stevenson Intermediate.
5. Made technical changes that have no substantive effect.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1078, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1078, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators McMurdo and Ikeda.

SCRep. 339 Education on S.B. No. 1454

The purpose of this bill is to appropriate funds to hire substitute librarians and clerks in the office of library services.

Your Committee finds that this appropriation will provide for the continuation and expansion of the library services substitute pool resulting in better service to library patrons.

Your Committee has amended the bill by designating \$80,000 as the amount to be appropriated for substitute librarians and clerks.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1454, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1454, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators McMurdo and Ikeda.

SCRep. 340 Education on S.B. No. 1485

The purpose of this bill is to authorize the director of finance to issue bonds and to appropriate funds to renovate and expand the Hawaii State Public Library.

The original section of the Main Library on King and Punchbowl streets was constructed in 1913, with additional work completed in 1927. Since that time there has been no real maintenance of the building which has resulted in leaking roofs, cracking walls, a shifting main beam, and a deteriorating floor.

The building now holds six times the number of books it was designed for plus an expanding inventory of audiovisual and other non-book collections. There is inadequate seating for the public as well as inadequate and antiquated work space for the staff.

An unreliable elevator is the sole source to move books and equipment and to transport handicapped patrons between floors. There is no climate control system to protect library materials and people from the effects of heat, humidity and pollution.

This bill would provide the necessary funds to restore and improve the physical facilities of the library to ultimately produce an environment which is conducive to reading and learning.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1485, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1485, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators McMurdo and Ikeda.

SCRep. 341 Education on S.B. No. 1661

The purpose of this bill is to establish and appropriate \$200,000 for a Hawaii Patent Depository Library.

A Patent Depository Library provides library patrons access to United States patents. Currently, the Hawaii State Library, in cooperation with and the support of the Hawaii Inventors Council, maintains a special area in the Business, Science and Technology Section on inventions and patents. This bill would increase the patent information available in the Library by providing access to approximately eleven million United States patents.

Your Committee finds that with the growth of Hawaii as an Asian-Pacific center, the establishment of a patent depository library becomes essential to the development of our State's economic and technological base. This bill would authorize the creation of a patent depository library, a key asset in the State's plan to promote economic growth through technology. In this endeavor Hawaii joins some 63 patent depository libraries throughout the

United States in 38 states.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1661 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 McMurdo and Ikeda.

SCRep. 342 Education on S.B. No. 1667

The purpose of this bill is to appropriate funds to schools in the Central Oahu District for capital improvement projects.

The schools requiring funds include: Aiea Elementary School, Aiea High School, Aiea Intermediate School, Makalapa Elementary School, Pearl Ridge Elementary School, Radford High School, Waimalu Elementary School and Webling Elementary School.

The sums appropriated are for fiscal year 1987-1988 and shall be expended by the Department of Accounting and General Services.

Your Committee has made the following amendments to the bill:

1. Inserting the total appropriated amount and the amounts for each project;
2. Deleting the design and construction of a walkway from room 28 to 30 and the installation of carpets at Aiea Elementary School;
3. Adding ground improvements to the design and construction of the drainage ramp at Aiea Intermediate School;
4. Deleting the pavement of the students' parking lot at Radford High School; and
5. Installing air conditioning in the library instead of the cafeteria at Webling Elementary School.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1667, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1667, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators McMurdo and Ikeda.

SCRep. 343 Higher Education on S.B. No. 667

The purpose of this bill is to appropriate \$29,000, for fiscal year 1987-1988 for the establishment of a permanent county extension agent position for the island of Molokai.

Your Committee, upon consideration of this bill and the testimony from Hawaii Farm Bureau Federation, finds that the appropriation for this position would enable the agricultural extension program to meet the increasing needs of the commercial production sector.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 667 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 Higher Education on S.B. No. 1773

The purpose of this bill is to appropriate funds for an on-the-job training program to include educational seminars and job placement for fourteen eligible people who are eighteen years or older and from the island of Oahu.

Your Committee received supporting testimonies from the University of Hawaii and from a concerned resident, and finds that this program would promote educational and employment opportunities to residents which is consistent with the declared policy of the legislature to provide for public education and economic sufficiency of individuals.

Your Committee, upon consideration of this bill, believes that the program needs sufficient funds, and has amended the bill to appropriate \$10,000 for fiscal year 1987-1988 for this endeavor.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1773, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1773, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 345 Higher Education on S.B. No. 883

The purpose of this bill is to establish a Pacific Area Tourist Industry Research and Training Institute at the University of Hawaii.

The bill proposes to (a) conduct research on the social impact of tourism as it effects industries and on the quality of life; (b) aid in education and training of tourism related occupations; (c) disseminate research information to the public; and (d) perform other industry-related research and training functions.

Your Committee, upon consideration of this bill and the review of supporting testimonies, find that there is a significant need for tourism-related research.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 883 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. 346 Higher Education on S.B. No. 886

The purpose of this bill is to make an appropriation of \$600,000 for fiscal year 1987-1988 to complete the renovation of building 803, Honolulu Community College.

Your Committee received favorable testimony for this bill and finds that although there already is an appropriation for the renovation and improvement of the building that additional funds are required to complete the job in a proper fashion.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 886 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 Higher Education on S.B. No. 921

The purpose of this bill is to appropriate funds for a permanent, full-time assistant makai campus facilities coordinator for the University of Hawaii, Manoa campus.

The athletic director of the University of Hawaii, Manoa Campus testified that due to the rapid expansion of the University of Hawaii's athletic programs and other related makai campus activities, an assistant makai campus coordinator would relieve some of the duties and responsibilities of the makai campus coordinator and allow for better servicing of the affected programs. Presently the makai campus coordinator has full responsibility for the coordination of all activities and events. Further, the various activities held at the makai campus usually takes place in the late afternoon/early evening, which greatly increases the responsibility of the coordinator.

This appropriation would insure adequate administration of these responsibilities, thus insuring the health and safety of all participants in a professional manner.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 921 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. 348 Higher Education on S.B. No. 935

The purpose of this bill is to appropriate funds for the Hawaii State Research Center for Futures Study to develop a proposal for the operation of the center, to create a certificate in futures study, and to become incorporated into the administrative structure and budget of the University of Hawaii.

Your Committee finds that futures study is an important and integral part of the growing knowledge sector that can provide insight into improving the State's economic future.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 935 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. 349 Higher Education on S.B. No. 1051

The purpose of this bill is to make an appropriation of \$35,000 for fiscal year 1987-1988 for the repair and maintenance of the athletic facilities at the University of Hawaii.

Your Committee received favorable testimony for this bill and finds that the athletic facilities at the University of Hawaii have been subject to heavy usage. Your Committee believes that it would be more prudent to maintain the facilities now rather than allow it to fall into a state of disrepair.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1051 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. 350 Higher Education on S.B. No. 1204

The purpose of this bill is to appropriate \$239,000 for fiscal year 1987-1988, and \$445,000 for fiscal year 1988-1989, for the design and plans for an addition to the Kennedy Theater, University of Hawaii-Manoa for classroom, rehearsal, studio, performance, office, and storage purposes.

Your Committee received supporting testimony from the University of Hawaii and finds that an addition to the Kennedy Theater is urgently needed to allow the University to carry out its educational mission with greater effect in a healthful and safe condition.

Your Committee notes that the John Fitzgerald Kennedy Theater is considered by many as one of the finest in the State. However, it was not designed to house an academic department of the University. Since the inception of the Kennedy Theater over 25 years ago, approximately 2,000 students each year attend theatre arts classes in what was described by an accreditation team as "truly deplorable". Your Committee concurs with the findings by the University that the current facilities represent an immediate hazard to the health and safety of all who utilize it in this present substandard condition.

Your Committee believes that this appropriation will afford a rare opportunity to improve the physical resources which are available at the University to meet the State's need through its educational system to interact and communicate more effectively through the theatre arts program on the Manoa campus.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1204 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. 351 Higher Education on S.B. No. 1491

The purpose of this bill is to authorize the issuance of general obligation bonds in the sum of \$700,000 for the planning, design, construction, and equipment for infrastructure improvements at the University of Hawaii at Hilo mauka campus site to accommodate the future development and expansion of the University's academic programs, including a research/technology park.

Your Committee heard supporting testimony from the Chancellor of the University of Hawaii at Hilo expressing the fact that this development will attract the University's academic programs and offer community wide benefits in terms of economic growth and stimulation at the Hilo campus.

Your Committee, after due deliberation and consideration, has amended the bill by deleting the reference to a research/technology park for the present time. It is the intent of your Committee that priorities should be first established before expanding in any further project

areas.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1491, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1491, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 352 Agriculture, Energy and Ocean Resources on Gov. Msg. No. 86

Recommending that the Senate advise and consent to the nomination of SUZANNE D. PETERSON, Chairman, Board of Agriculture, for a term ending December 31, 1990.

Signed by all members of the Committee.

SCRep. 353 Consumer Protection and Commerce on S.B. No. 366

The purpose of this bill is to provide the Director of the Department of Commerce and Consumer Affairs (DCCA) with the authority to reject a time share developer's application for registration of a time share plan if the developer does not possess a reputation for honesty, truthfulness, financial integrity, and fair dealing.

The DCCA testified that the Department is "almost defenseless in refusing to register a time share plan even though it is clearly evident the developer does not possess a reputation for truthfulness, honesty, financial integrity, and fair dealing". The passage of this bill will prevent such a situation from occurring and will enhance the protection of consumers.

Your Committee has amended line 10 of this bill by deleting the words "reputation for" and inserting therefor the words "history of". Your Committee hopes that the incorporation of "history of" will provide a tangible definition to deal with time share applicants who hold questionable business and financial pasts. Your Committee construes "not possessing a history of honesty, truthfulness, financial integrity, and fair dealing" to mean that the developer has been the subject of a series of complaints, convictions or bonding violations in this State or in other jurisdictions.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 366, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 366, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 354 Consumer Protection and Commerce on S.B. No. 365

The purpose of this bill was to clarify the intent of section 461J-3(d), Hawaii Revised Statutes, that athletic trainers are exempt from regulation under chapter 461J for certain activities performed on regularly enrolled students in public or private schools.

As currently written, the law permits any athletic trainer to perform all physical therapy services specified in chapter 461J. This bill would specify that athletic trainers certified by the National Athletic Trainers Association, as well as uncertified persons employed as athletic trainers in a school, may perform therapeutic heat and cold treatments, protective taping, and basic first aid intervention.

Your Committee heard testimony in support of this measure from the Board of Physical Therapy, the Superintendent of Education, and the Hawaii Chapter of the American Physical Therapy Association, and finds that this bill is necessary to clarify the exemptions intended by the legislature in enacting section 461J-3(d).

Your Committee has amended the bill by changing the reference to "therapeutic heat and cold treatments" to "hot packs, whirlpool, and cold packs;" by adding language to clarify that the exemption from regulation is extended to both certified and uncertified athletic trainers; and by making technical changes which have no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 365, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 365, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 355 (Majority) Consumer Protection and Commerce on S.B. No. 25

The purpose of this bill is to require retail dispensers of gasoline to post on each gasoline pump the price per gallon of each grade of gasoline sold.

The bill further requires that any outside sign indicating the price per liter of any grade of gasoline shall also include the price per gallon of that grade of gasoline in numerals and letters comparable in size to the liter price.

Your Committee finds that Hawaii is the only state in which dealers post gasoline prices by the liter rather than per gallon, an anomaly which would be remedied in part by the passage of this bill. Your Committee heard testimony from the Department of Commerce and Consumer Affairs that posting prices by the gallon will be beneficial to the consumer inasmuch as consumers are familiar with comparing prices by the gallon but are not familiar with comparing prices by the liter.

Your Committee also heard testimony from Shell Oil Company and Aloha Petroleum Ltd., indicating that they support the bill's intent but were opposed to the provision requiring the dealer to post both the gallon and liter prices on the outside sign. Other parties expressed concern that the bill would require service stations which dispense different grades of gasoline under different payment plans (e.g., credit cards, cash, etc.) to post multiple prices on their outside signs.

Your Committee has carefully evaluated these concerns and has amended the bill to: (1) require outside signs to indicate the price per gallon for only unleaded regular gasoline, as your Committee finds that the bulk of the gasoline sold in the State is unleaded regular gasoline; and (2) require a retail dispenser displaying a discounted price for unleaded regular gasoline to indicate on the sign the conditions under which the discounted price is offered.

Your Committee has further amended the bill by placing the proposed new law in Chapter 486, Hawaii Revised Statutes, rather than Chapter 486H.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 25, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 25, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator Chang did not concur.

SCRep. 356 (Majority) Public Utilities on S.B. No. 1596

The purpose of this bill is to amend the laws of Hawaii relating to public utilities.

Your Committee has amended this short form bill to authorize political subdivisions of the State to develop, own, and operate the means (including but not limited to facilities and equipment) of producing electrical power or energy and to distribute and sell electricity generated by such means to any person within the State.

Your Committee on Public Utilities is in accord with the intent and purpose of S.B. No. 1596, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1596, S.D. 1, and be recommitted to the Committee on Public Utilities for further consideration.

Signed by all members of the Committee.
Senator Henderson did not concur.

SCRep. 357 Consumer Protection and Commerce on Gov. Msg. No. 88

Recommending that the Senate advise and consent to the nomination of ROBERT A. ALM as Director of Commerce and Consumer Affairs, for a term ending December 3, 1990.

Signed by all members of the Committee.

SCRep. 358 Ways and Means on Gov. Msg. No. 97

Recommending that the Senate advise and consent to the nomination of RUSSEL S. NAGATA as Comptroller, for a term ending December 3, 1990.

Signed by all members of the Committee.

SCRep. 359 Ways and Means on Gov. Msg. No. 98

Recommending that the Senate advise and consent to the nomination of YUKIO TAKEMOTO as Director of Finance, for a term ending December 3, 1990.

Signed by all members of the Committee.

SCRep. 360 Ways and Means on Gov. Msg. No. 99

Recommending that the Senate advise and consent to the nomination of RICHARD F. KAHLE JR. as Director of Taxation, for a term ending December 3, 1990.

Signed by all members of the Committee.

SCRep. 361 Housing, Hawaiian Programs and Natural Resources on S.B. No. 1556

The purpose of this bill is to amend the laws of the State of Hawaii.

Your Committee has amended this short form bill to establish testing standards for disposal by injection wells; add additional requirements to prevent the use of injection wells when potable water may be affected; and to repeal the drop dead provisions of the wastewater treatment rules.

Your Committee believes that it is necessary to continue to monitor and restrict the disposal of wastewater in order to protect the drinking water sources of Hawaii.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 1556, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1556, S.D. 1, and be recommitted to the Committee on Housing, Hawaiian Programs and Natural Resources.

Signed by all members of the Committee except Senators Holt and Young.

SCRep. 362 Ways and Means on S.B. No. 713

The purpose of this bill is to establish and appropriate seed money for a state catastrophic illness fund to be run by a board of trustees.

Your Committee has amended this bill to effectuate its purpose by establishing the "Aloha Wellness Fund".

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 713, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 713, S.D. 1, and be recommitted to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee except Senator Aki.

SCRep. 363 Culture, Arts and Historic Preservation on S.B. No. 411

The purpose of this bill is to establish and designate the black coral as the official gem of the State.

Your Committee heard supporting testimony from the director of the Department of Planning and Economic Development and finds that the black coral would be appropriate in that it is indigenous to Hawaii, was discovered by early Hawaiian divers, and is a product of the sea, an important factor for an ocean state like Hawaii.

Your Committee further finds that adopting the black coral as the State gem will enhance the present day multi-million dollar black coral jewelry industry and give our visitors a better appreciation of our ocean resources.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 411 and recommends that it pass Second Reading and be placed on the calendar for Third Reading .

Signed by all members of the Committee.

SCRep. 364 Ways and Means on S.B. No. 81

The purpose of this bill is to repeal obsolete general excise tax exemptions. Specifically, the exemptions are for (1) radio broadcasters who promote the State's tourist industry through

out-of-state broadcasts; and (2) amounts derived from the sale of brooms manufactured "by blind persons working at the adult blind broom shop."

The department of taxation and the commission on the handicapped both testified that neither exemption is used by any taxpayer.

Your Committee adopted a conforming deletion recommended by the department of taxation: the repeal of section 235-7(a)(6), Hawaii Revised Statutes, which excludes from gross income, adjusted gross income, and taxable income under the income tax law, the proceeds resulting from the sale of brooms manufactured "by blind persons working at the adult broom shop."

Your Committee also adopted a recommendation of the Tax Foundation of Hawaii by repealing section 237-28, Hawaii Revised Statutes, which provides an exemption for manufacturers of pulp and paper. This exemption has not been used for many years.

In light of the amendments made to the income tax law, your Committee amended the effective date section of this bill so that those amendments apply to the taxable years beginning after December 31, 1986.

Your Committee also made nonsubstantive conforming amendments required by the repeal and renumbering of the amended provisions regarding income and excise tax exemptions.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 81, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 81, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 365 Ways and Means on S.B. No. 137

The purpose of this bill is to appropriate out of the general revenues of the State of Hawaii, for the period from November 4, 1986 to June 30, 1988, sufficient funds to pay the salaries of the members of the Senate and the House of Representatives, as prescribed in Article III, section 9, of the Constitution of the State of Hawaii.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 137 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 366 Ways and Means on S.B. No. 138

The purpose of this bill is to establish the necessary statutory provisions for the general fund expenditure ceiling, as required by the State Constitution, Article VII, Section 9. The bill also contains several amendments to the statutory language to render the statutes more precise and complete.

By deleting the repeal date of June 30, 1987, contained in Act 1, First Special Session, Session Laws of Hawaii 1986, this bill proposes to make permanent the statutory provisions outlining the constitutionally mandated general fund expenditure ceiling which had lapsed on June 30, 1986.

The bill amends the definition of "state growth" to provide that the three-year averaging of total personal income shall use the data for the three calendar years immediately preceding the fiscal year for which appropriations are to be made rather than the three calendar years immediately preceding the legislative session making appropriations.

The bill adds a new section to the law relating to the budget, directing the council on revenues to prepare estimates of total personal income for the calendar year in progress and, when necessary, for the next calendar year, making these reports on July 15 and October 15 of each year.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 138, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 138, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 367 Ways and Means on S.B. No. 140

The purpose of this bill is to amend section 2 of Act 347, Session Laws of Hawaii 1986, to provide that the appropriations for fiscal year 1986-1987 for capital projects listed under that section shall be deemed to be in thousands of dollars, rather than "in dollars".

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 140, 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 Ways and Means on S.B. No. 141

The purpose of this bill is to authorize the issuance of general obligation bonds and to declare findings that the total amount of principal and interest estimated for such bonds and all bonds authorized but unissued and calculated for all bonds issued and outstanding will not cause the debt limit to be exceeded at the time of issuance.

This bill is intended to meet the requirement of Article VII, section 13, of the Constitution of the State of Hawaii. This constitutional provision requires the legislature to include a declaration of findings in every general law authorizing the issuance of general obligation bonds that the debt limit will not be exceeded upon the issuance of bonds authorized by the law and in the past.

Amounts in the bill have been left blank since the precise data or best estimates are not known at this time. It is the intent of your Committee that such amounts will be inserted when they become known.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 141 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 Ways and Means on S.B. No. 143

The purpose of this bill is to implement the constitutional mandate to provide a tax refund or tax credit when, under certain conditions, there is a surplus in the state general fund.

Article VII, section 6 of the Constitution of the State of Hawaii requires the legislature to provide for a tax refund or tax credit to the taxpayers of the State whenever the state general fund balance at the close of each of two successive fiscal years exceeds five per cent of general fund revenues for each of the two fiscal years. Since these factors have been met for the sixth year in a row, this bill is necessary to satisfy the constitutional mandate.

This bill provides for a general income tax credit of \$1.00.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 143 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 370 Ways and Means on S.B. No. 1660

The purpose of this bill is to appropriate funds to finance various capital improvement projects throughout the State.

Your Committee believes that this bill in its final form will reflect the legislature's intent to appropriate funds where needed most and benefit the general populace of the State of Hawaii.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1660 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 Ways and Means on S.B. No. 1722

The purpose of the bill is to clarify that a debt could be a court-ordered payment which is one month overdue or a sum exceeding \$25. Both conditions need not be met for the department to intercept the state tax refund of a debtor owing money to the State.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1722, and recommends that it pass Second Reading and be placed on the calendar for Third

Reading.

Signed by all members of the Committee.

SCRep. 372 Culture, Arts and Historic Preservation on S.B. No. 551

The purpose of this bill is to designate the Hawaiian culture as the official state culture of Hawaii.

Your Committee heard supporting testimony from the Office of Hawaiian Affairs and finds that the bill is a symbolic gesture to officially commemorate and recognize the importance of Hawaiian culture and Hawaiian heritage in our State.

Your Committee, upon consideration, amended the bill by adding a definition of Hawaiian culture.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 551, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 551, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 373 Ways and Means on S.B. No. 301

The purpose of this bill is to amend Section 88-95, Hawaii Revised Statutes, to permit the Employees' Retirement System to allow withholding of Health Fund insurance premiums from the monthly pension checks of state and county retirees upon their written request.

Currently, Act 252, SLH 1984, requires state and county retirees with less than 10 years of service to pay a portion of their monthly medical plan premiums to the Health Fund. These retirees are required to send their premium payments to the Health Fund Office each month.

Your Committee finds that this bill will relieve administrative workload as well as relieve retirees of an unnecessary burden. Through its computerized pension check system, the Employees' Retirement System would prepare and transmit a single check each month to the Health Fund along with an EDP tape and a distribution list of retirees' premium payments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 301, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 374 Ways and Means on S.B. No. 302

The purpose of this bill is to appropriate funds out of the general revenues of the State to pay victims and providers of services who have been found eligible to receive compensation under chapter 351, Hawaii Revised Statutes.

Your Committee finds that this appropriation would enable the Criminal Injuries Compensation Fund to be used for payments as authorized by the Criminal Injuries Compensation Commission.

Your Committee has added the specific case numbers and the amounts of compensation in each, and has made technical nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 302, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 302, S.D. 1.

Signed by all members of the Committee.

SCRep. 375 Ways and Means on S.B. No. 304

The purpose of this bill is to increase the ceiling of the state librarian's salary from \$55,404 to \$68,400 a year.

Your Committee finds that historically, the salary of the state librarian has been statutorily set at a level comparable to an assistant superintendent of education. However, Act 128, Session Laws of Hawaii, 1986 failed to retain this parity and set the state librarian's salary comparable to that of a deputy district superintendent.

Your Committee further finds that the State Librarian is appointed and acts as chief executive officer for the Hawaii state public library system under the authority of the board of education. The position has the authority and responsibility similar to that of the 17 directors of state departments, i.e. planning and executing state programs under law through policies, rules, and procedures utilizing facilities, personnel, and materials.

The state librarian attends various meetings and carries out all administrative laws and directives as do other directors. He also attends board of education meetings and its committee meetings to conduct policy studies and business which average approximately 50 per year. The state librarian also attends monthly library advisory commission meetings conducted in the four counties. As much or more so than other department directors, the state librarian is open to public comment and action because he operates 40 public libraries statewide.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 304, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 376 Ways and Means on S.B. No. 305

The purpose of this bill is to provide for corresponding reductions to the weekly extended benefit amounts and total extended benefit amounts payable under Unemployment Compensation whenever there is a reduction in the federal payments to the State.

Your Committee has made technical nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 305, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 305, S.D. 1.

Signed by all members of the Committee.

SCRep. 377 Ways and Means on S.B. No. 311

The purpose of this bill is to amend section 89C-2, Hawaii Revised Statutes, to cover officers and employees in the Excluded Managerial Compensation Plan.

Section 89C-2, Hawaii Revised Statutes, specifies the adjustments required or permitted for officers and employees excluded from collective bargaining, however, it does not cover employees in the Excluded Managerial Compensation Plan.

Your Committee believes that managerial employees should be compensated no less than their subordinates who are included in a collective bargaining unit.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 311, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 378 Ways and Means on S.B. No. 317

The purpose of this bill is to increase the Hawaii Community Development Authority's public facilities revenue bond authorization from \$15,000,000 to \$35,000,000.

The Authority is currently planning the development of several parking structures in conjunction with the Kakaako redevelopment project known as Improvement District 1 Project. Pursuant to Session Laws of Hawaii of 1985, Act 268, section 2, the Authority is authorized to issue \$15,000,000 in revenue bonds, but such bond authorization could easily be consumed by the construction of only one parking structure.

Your Committee finds that timing is critical to the success of the Improvement District 1 Project. An additional bond authorization should be granted in anticipation of the development of future projects which will generate a need for more public parking. This bill provides the additional revenue needed to finance an additional parking structure.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 317, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 379 Ways and Means on S.B. No. 414

The purpose of this bill is to amend sections 237-29 and 359G-15, Hawaii Revised Statutes, by repealing the current general excise tax exemptions for all gross income received by (1) "a nonprofit or a limited distribution mortgagor for a low and moderate income housing project certified under section 359G-15"; and (2) "existing low and moderate income housing projects receiving government assistance under an agreement with a governmental body that regulates rents and operations of the projects".

This bill clarifies the intent of the general excise tax exemption and narrows its scope to only newly constructed or rehabilitated projects developed with Hawaii Housing Authority assistance.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 414 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 380 Ways and Means on S.B. No. 455

The purpose of this bill is to expressly provide that real property tax relief granted to taxpayers who suffer losses as a result of natural disasters shall be made from the real property tax revenues of the county in which the disaster occurred.

Your Committee has amended this bill by:

- (1) Deleting the requirement that the real property tax be first remitted, refunded, or forgiven, and the balance of the credit, if any, be applied to the general excise taxes;
- (2) Deleting the use of unused excess credits from one tax as credits against other tax;
- (3) Requiring that the real property tax loss amount and the general excise tax loss amount be set forth in the loss certified and in the court judgment.

Your Committee has also made technical nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 455, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 455, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 381 Ways and Means on S.B. No. 459

This bill exempts all government service companies which provide a transportation system from the general excise tax.

Your Committee finds that MTL, Inc. has been paying over \$1,800,000 per year in general excise taxes on the City and County of Honolulu's reimbursement to them for workers' wages and fringe benefits. This bill would produce needed savings for the City and County which could be used to reduce the cost of bus operations and benefit the people and real property owners in the form of reduced real property taxes.

Your Committee has made technical, nonsubstantive amendments to this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 459, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 459, S.D. 2.

Signed by all members of the Committee.

SCRep. 382 Ways and Means on S.B. No. 611

The purpose of this bill is to allow police officers to retire under a service-connected occupational disability in the event of incapacitation due to smoke inhalation and related injuries.

Act 152, Session Laws of Hawaii 1971, provided that in the case of firefighters and sewer workers the effects of the inhalation of smoke and other toxic vapors, for the purpose of determining occupational disability retirement, would be construed as an injury received or

disease contracted while in the performance of their duty as the result of some occupational hazard. Police officers, however, were inadvertently omitted from the benefits provided under Act 152. This bill would correct this unintentional error and afford police officers the same benefits as firefighters and sewer workers.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 611, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 383 Ways and Means on S.B. No. 776

The purpose of this bill is to establish a new part under Chapter 359G, Hawaii Revised Statutes, relating to housing for elderly persons, and repeals a similar provision in part III under Chapter 359.

This bill essentially transfers all of the responsibility for housing of the elderly to the Hawaii housing authority under Chapter 359G but without many of the restrictions under Chapter 359, thus providing the Hawaii housing authority more flexibility.

Your Committee has made technical nonsubstantive amendments to this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 776, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 776, S.D. 1.

Signed by all members of the Committee.

SCRep. 384 Ways and Means on S.B. No. 792

The purpose of this bill is to amend the law with respect to the types of crimes that qualify victims for receipt of criminal injuries compensation.

This bill brings current statutory language into conformance with Penal Code changes that were enacted in 1986 and adds robbery in the first and second degrees to the list of crimes which qualify victims for possible compensation.

Your Committee believes this bill incorporates important additions to the current statute.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 792 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 385 Ways and Means on S.B. No. 927

The purpose of this bill is to allow certain full-time employees of the Office of the Public Defender to claim membership credit with the Employees' Retirement System for service rendered subsequent to July 1, 1971.

Your Committee has made a technical nonsubstantive correction of a clerical error.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 927, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 927, S.D. 2.

Signed by all members of the Committee.

SCRep. 386 Ways and Means on S.B. No. 983

The purpose of this bill is to conform the language pertaining to group life insurance benefits in section 87-23, Hawaii Revised Statutes, to other sections on employee benefit plans governing:

- (1) Health benefits plan (Section 87-22.3, HRS); and
- (2) Dental plan benefits (Section 87-22.5, HRS).

This bill would eliminate the requirement that the Board of Trustees of the Public Employees Health Fund purchase group life insurance benefits equal to the amount of the public employers'

contribution of \$2.25 per month per employee. Presently, other sections of the Health Fund Law do not contain any references to fixed-dollar contribution amounts.

Deleting the existing reference to the \$2.25 contribution amount for group life insurance benefits enables the Board to purchase group life insurance under a pooled concept for basic benefits and a supplemental plan for excess benefits as may be required by future collective bargaining negotiations. By allowing the Board greater flexibility, this bill will enable the Health Fund to more efficiently administer the group life insurance programs for public employees.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 983 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 387 Ways and Means on S.B. No. 1044

The purpose of this bill is: (1) to delete the requirement in the tax exemption provided for contract carriers by water that such carriers have a gross weight exceeding 10,000 gross tons, and (2) to amend the description of such carriers as being in the business of transporting persons for tourism or sightseeing purposes to that of transporting persons between harbors or wharves of the various counties for interisland cruises.

The effect of this bill would be to broaden the public service company tax exemption granted to cruise ships, thus making the provision less discriminatory, an objection to the law which had been raised previously.

Your Committee received testimony in support of this bill from a private interisland cruise company.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1044 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 388 Ways and Means on S.B. No. 1157

The purpose of this bill is to exclude, from gross income under the general excise tax law, amounts received on purchases made with food vouchers from the U.S. Department of Agriculture's Special Supplemental Food Program for Women, Infants and Children (WIC).

The state department of health has been informed by the U.S. Department of Agriculture that pursuant to P.L. 99-500 and P.L. 99-501, as amended, states will be ruled ineligible to participate in the WIC program if state or local sales taxes are collected on WIC food purchases. Loss of participation in the WIC program would have a significant negative impact on the public health of the people of Hawaii. This bill would conform to federal requirements and assure continuation of Hawaii's participation in the WIC program.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1157 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 389 Ways and Means on S.B. No. 1318

The purpose of this bill is to amend chapter 359G, Hawaii Revised Statutes, relating to Hawaii Housing Authority - Housing Projects.

The bill proposes to amend chapter 359G, Hawaii Revised Statutes, as follows:

- (1) Amend the purpose section for clarity and to delete outdated information.
- (2) Add definitions for certain terms used in the chapter that are identical to those used in chapters 356 and 359, Hawaii Revised Statutes.
- (3) Substitute "qualified partner" with "eligible developer", a term defined in the chapter.
- (4) Replace "low cost" with "lower cost" relating to housing.
- (5) Replace "low-income" with "lower income" relating to housing.

- (6) Repeal the contractual staff reserve fund created under section 359G-33, Hawaii Revised Statutes.

Your Committee has made technical nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1318, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1318, S.D. 2.

Signed by all members of the Committee.

SCRep. 390 Ways and Means on S.B. No. 1372

The purpose of this bill is to amend the law which increases an employer's unemployment insurance contribution rate to the maximum level as a penalty if the employer fails to file any report or files a report that is incorrect or insufficient in connection with the employer's unemployment insurance premiums, regardless of the employer's actual unemployment experience.

The bill provides an excusable failure provision which would allow the Department of Labor and Industrial Relations (DLIR) to consider any extenuating circumstances which prevented timely submittal of the required reports. Under this provision, the maximum contribution rate would be waived for cause and provided that the noncomplying employer does submit all required reports to DLIR. The maximum rate of 5.4 per cent would continue to be assessed where an employer's failure to file is unexcused.

Your Committee has added paragraphs (6) to (8) of section 383-66, which were omitted from this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1372, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1372, S.D. 2.

Signed by all members of the Committee.

SCRep. 391 Ways and Means on S.B. No. 1451

The purpose of this bill is to extend the Nursing Home Without Walls Project for two years.

The Nursing Home Without Walls Project was established in 1983 to provide comprehensive extended home services for the chronically ill and disabled residents of Hawaii in their homes. The Project reduces the possibility of prolonged institutionalization or the inappropriate utilization of scarce institutional beds, as well as the concomitant high costs and other associated adverse social and medical implications of institutionalization.

Besides extending the Project for two years, the bill also changes the status of the Project to a Program, adds clients certified as requiring "acute" care as eligible to enter the Program, deletes the exception which allows the ceiling to be raised on total Program expenditures for Hawaii, Kauai, and Maui counties, and requires the Program to be licensed or certified by the proper authority.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1451, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 392 Ways and Means on S.B. No. 1627

The purpose of this bill is to eliminate the exemption of certain amounts received by persons or common carriers engaged in interstate or foreign commerce or both as exempt from the Hawaii general excise and use taxes.

Although your Committee understands the concerns which are the focus of this bill, it is believed that these concerns can be addressed in a substantive way without changing the tax policies inherent in the exemption originally enacted in Hawaii in 1979.

Your Committee's intention is to continue the exemption from Hawaii general excise and use taxes for activities in and income derived from the conduct of interstate and foreign business to the extent the activities were previously treated as exempt by the State of Hawaii on April 1, 1978.

Your Committee has amended the bill to list the specific activities which it intends to treat as exempt from these taxes. Among the activities for which the exemption is continued are those listed in Tax Information Release No. 56-78, issued June 15, 1978, by the State of Hawaii, Department of Taxation and those treated as exempt or excluded in the opinions of the Attorney General of Hawaii. See Hawaii Attorney General Opinion No. 1720, August 22, 1939, and Hawaii Attorney General Opinion No. 2253, June 3, 1943. Among these activities exempted from the tax are the stevedoring business of loading and unloading cargo from ships, the business of loading and unloading aircraft, tugboat services, and harbor transportation activity.

Your Committee believes that eliminating the exemption as was proposed would be disruptive to the economy and welfare of the State of Hawaii and the imposition of the new taxes that would result would not take into account the unique geographic location of the State of Hawaii and the importance of the State maintaining a cost-effective ocean-going and air transportation lifeline free from additional taxes.

Furthermore, your Committee finds that taxes imposed on the entry of goods into the State would increase prices throughout the State, because these taxes would be passed on through businesses to the final consumer. Your Committee finds that a listing of the exempt activities does not pose constitutional problems of discrimination, since the favored activities may be carried on by residents as well as nonresidents. Accordingly, the exemption for these activities should be continued in this bill as amended.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1627, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1627, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 393 Ways and Means on S.B. No. 1673

The purpose of this bill is to include as class A contributory members in the Employees' Retirement System of the State of Hawaii all directors, deputy directors, and assistants to the department heads appointed by the Governor or by the respective mayors of the several counties.

Your Committee has made a minor technical correction on page 2 of the bill to distinguish between those directors, deputy directors, and assistants to the department heads appointed by the Governor and those appointed by the mayor of each county, and two other technical nonsubstantive amendments to delete superfluous language.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1673, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1673, S.D. 1.

Signed by all members of the Committee.

SCRep. 394 Ways and Means on S.B. No. 1723

The purpose of the bill is to authorize the Hawaii Housing Authority to sell taxable mortgage securities and authorizes the issuance of these securities in an amount not to exceed \$400 million.

Your Committee notes that the concerns cited in the Governor's Statement of Objections to a similar bill introduced during the 1986 legislative session have been addressed in the present bill. In particular, a findings section has been included and provisions relating to the Hawaii Housing Authority's power to guarantee loans have been deleted.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1723 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 395 Ways and Means on S.B. No. 1737

The purpose of this bill is to authorize the establishment of a second deputy position for the Department of Budget and Finance.

There have been significant changes and trends within government, which have resulted in the need for more timely budgetary and fiscal information. These trends include the expansion of the electronic data processing program, and the development and implementation of a

statewide telecommunications program involving voice and data communications. These new program initiatives will be extensive, complex, and far-reaching, and will require the services of a full-time administrator to insure proper implementation, standards of efficiency, and user satisfaction.

Your Committee has made technical nonsubstantive corrections of clerical errors.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1737, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1737, S.D. 2.

Signed by all members of the Committee.

SCRep. 396 Ways and Means on S.B. No. 1738

The purpose of this bill is to provide the Employees' Retirement System with more flexibility in making its investments.

Act 71, Session Laws of Hawaii 1986, was intended to provide the System with increased investment flexibility. However, a subsequent opinion by the Attorney General raised questions concerning the efficacy of the intended flexibility as provided by the Act.

This bill provides the flexibility Act 71 originally intended, and remedies the deficiencies raised by the Attorney General.

Your Committee has amended the bill by making technical nonsubstantive changes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1738, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1738, S.D. 1.

Signed by all members of the Committee.

SCRep. 397 Ways and Means on S.B. No. 1739

The purpose of this bill is to establish what is commonly known as the "Employer Pick Up Plan" pursuant to the Internal Revenue Code of 1954, as amended, section 414(h)(2).

The plan would allow members under the Employee's Retirement System's contributory plan to make contributions with "before tax" dollars rather than "after tax" dollars beginning January 1, 1988.

The System has received a favorable ruling from the Internal Revenue Service that would allow the State of Hawaii to establish such a plan with the following conditions:

- (1) That all contributory members participate in the plan; and
- (2) That the effective date of the plan be prospective.

Further, members of the pick up plan will enjoy a slightly higher net take-home pay without any additional cost to employers.

Your Committee has made technical nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1739, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1739, S.D. 2.

Signed by all members of the Committee.

SCRep. 398 Ways and Means on S.B. No. 1744

The purpose of this bill is to establish a special unemployment insurance administration fund into which all interest, fines, and penalties from delinquent unemployment insurance contributions collected under the employment security law will be deposited. The fund shall be maintained in an account separate and apart from the unemployment insurance trust fund and moneys would be expended to enhance the administration of the unemployment insurance program.

Currently, all moneys derived from delinquent contributions are deposited into the

unemployment insurance trust fund which is maintained solely in the U.S. Treasury. Federal law prohibits the State from withdrawing monies from the trust fund for administrative expenses, but permits the establishment of a separate penalty and interest contingency fund for such purposes. Recent reductions in federal administrative grant moneys will result in the curtailment of certain administrative activities relating to benefit payment control and delinquent tax collection. The establishment of the special administrative fund in this bill would enable the department to effectively continue its activities in this area as the fund will augment the federal moneys to maintain the current level of services to claimants and to preserve the integrity of the program.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1744, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 399 Ways and Means on S.B. No. 1746

The purpose of this bill is to provide volunteer boating enforcement officers with the same workers' compensation benefits that are now provided to public board members, reserve police officers, voluntary deputy fish and game wardens, and volunteer firefighters.

The bill would also amend section 386-181, Hawaii Revised Statutes, to change references to "volunteer fish and game warden" to "volunteer conservation and resources enforcement officers".

Your Committee finds that volunteer boating enforcement officers perform valuable services and, like volunteer firefighters and conservation and resources enforcement officers, should be afforded full workers' compensation benefits should they sustain injury in the line of duty.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1746, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 400 Ways and Means on S.B. No. 1431

The purpose of this bill is to statutorily establish a state coordinating council on deafness which can operate on a more permanent basis with funding and staff.

Your Committee finds that although the council currently in existence has made some progress in improving accessibility to services for the hearing impaired, the council's operations have been limited significantly by the absence of funding and full-time staff. Your Committee agrees with the Committee on Human Services that the hearing impaired should have a permanent council with full-time staff that can properly attend to the needs of the hearing impaired through research, program development, and coordination of resources and services.

Your Committee has made technical, nonsubstantive amendments to the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1431, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1431, S.D. 1.

Signed by all members of the Committee.

SCRep. 401 Ways and Means on S.B. No. 1445

The purpose of this bill is to exempt child care facilities from the general excise tax.

Presently, there are family child care providers that maintain low visibility due to current taxation laws. State and federal income tax, general excise tax, and self-employed business tax are too great an economic disincentive to small business operators grossing between \$800 - \$1,000 a month.

This bill exempts family child care facilities from the general excise tax which addresses the problem of reducing economic disincentive to small business operators.

Your Committee has amended this bill by amending the section of the general excise tax relating to amounts not taxable, and deleting the amendment to the section relating to persons not taxable.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1445, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1445, S.D. 1.

Signed by all members of the Committee.

SCRep. 402 Agriculture, Energy and Ocean Resources on S.B. No. 91

The purpose of this bill is to formally repeal statutory language which gives the board of agriculture the authority to grant exemptions from real property taxes to owners of property suitable for raising certain fruits and nuts.

Your Committee finds that due to the 1978 constitutional amendments which transferred the real property tax functions to the counties, it is inappropriate to continue to have the board of agriculture statutorily authorized to grant exemptions from real property taxes as provided in chapter 154, Hawaii Revised Statutes.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 91 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 403 Agriculture, Energy and Ocean Resources on S.B. No. 92

The purpose of this bill is to formally repeal statutory language which gives the board of land and natural resources the authority to grant exemptions from real property taxes to owners who establish commercial tree farms.

The chairperson of the department of land and natural resources testified that in 1978, authority over real property taxes was transferred to the counties, rendering this authority mute. Any existing agreements or exemptions would not be affected by the repeal of chapter 186, Hawaii Revised Statutes.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 92 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 404 Agriculture, Energy and Ocean Resources on S.B. No. 434

The purpose of this bill is to amend Section 189-16 of the Hawaii Revised Statutes (HRS) to include a general penalty for violations of sections within Chapter 189, Part I, HRS, for which a penalty is not otherwise provided, or of any rules of the Department promulgated thereunder.

This bill is a "housekeeping" administration proposal. Following an organizational change in the Department which separated aquatic from wildlife resource functions, the repeal of Chapter 187 inadvertently resulted in certain provisions of Chapter 189, HRS (i.e. Sections 189-5 and 189-6), not having penalty provisions. This bill corrects that deficiency.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 434 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 405 Agriculture, Energy and Ocean Resources on S.B. No. 435

The purpose of this bill is to amend Chapter 188 of the Hawaii Revised Statutes by adding a new section which will prohibit the disposing of fishing nets, traps or fishing gear with netting, or parts thereof in the waters of the State.

The director of the board of land and natural resources testified that the use of monofilament nylon and other synthetic materials in nets and traps has resulted in more effective and longer lasting types of fishing nets. When discarded or disposed of in the ocean, they are not biodegradable and could continue to catch and kill marine life. Therefore, as a conservation measure, disposing or discarding of netting in State waters should be specifically prohibited.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and

purpose of S.B. No. 435 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 406 Agriculture, Energy and Ocean Resources on S.B. No. 438

The purpose of this bill is to amend Section 188-35 of the Hawaii Revised Statutes to make the language relating to the taking of baitfishes consistent with existing baitfish law.

This is an administration proposal submitted by the department of land and natural resources. The intent of the bill is to allow the catching of all types of baitfishes, rather than only nehu and iao as currently stated in Section 188-35, in all waters of the State by licensed commercial fishermen who have acquired a baitfish license from the department of land and natural resources.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 438 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 407 Agriculture, Energy and Ocean Resources on S.B. No. 351

The purpose of this bill is to include swine and goats to the provisions of Section 142-68, Hawaii Revised Statutes (HRS), relating to fines for continued trespassing by animals.

This bill also repeals Section 142-67, HRS, which allows the killing of swine and goats which may inadvertently trespass through no fault of the owner.

Your Committee received testimony from the department of agriculture and the Hawaii farm bureau federation in support of this bill. The department of agriculture also recommended an amendment which would subject Section 142-68, HRS, to the penalties in Section 142-12, HRS.

Your Committee concurs with the recommendations of the department of agriculture and has amended the bill accordingly.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 351, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 351, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 408 Agriculture, Energy and Ocean Resources on S.B. No. 981

The purpose of this bill is to include, among the duties of the department of agriculture, the planning, development and management of agricultural park projects.

Act 222, Session Laws of Hawaii 1986, transferred the agricultural park functions from the department of land and natural resources to the department of agriculture. This "housekeeping" measure will conform the general duties of the department of agriculture to include administration of agricultural park projects. The bill also makes clarifying language changes in Section 141-1, Hawaii Revised Statutes.

Your Committee has amended the bill by removing the underscoring under the comma after the word "scales" in line 4, page 4 and deleting the word "the" in line 22, page 5. The amendments conform the bill to present statutory language and have no substantive effect.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 981, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 981, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 409 Consumer Protection and Commerce on S.B. No. 15

The purpose of this bill was to include as a deceptive trade practice the act of inviting others to attend a time share sales presentation when the invitation is made outside a booth by an acquisition agent who is not licensed under chapter 467, Hawaii Revised Statutes.

At present, there are no educational or training requirements which must be met by time share acquisition agents prior to registration. However, the acquisition agents are required to operate from a licensed real estate broker's place of business or a booth operated by the broker to enable the broker to supervise the agents and be responsible for their actions.

Your Committee heard testimony from the Department of Commerce and Consumer Affairs that recently, acquisition agents have been conducting their business activities outside the booths, making supervision difficult, if not impossible. The Department further testified that these activities have generated complaints from not only the tourists and residents, but even from members of the time share industry.

Your Committee believes that when an acquisition agent conducts business activities outside a booth, the agent is beyond the licensed broker's scope of supervision. Additionally, your Committee believes that time sharing should be presented to consumers only by individuals who have the proper training and who are subject to strict standards of conduct, or by individuals subject to the supervision of others who have such training and who are subject to such standards. Accordingly, your Committee finds ample justification for requiring the acquisition agent to be licensed as a real estate broker or salesman.

Your Committee has amended the bill by adding language clarifying the intent of the proposed new paragraph (14) in section 514E-11.1; by providing penalties for persons who violate the provision; and by adding a legislative findings and purpose section and a severability clause.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S. B. No. 15, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 15, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi and Nakasato.

SCRep. 410 (Majority) Consumer Protection and Commerce on S.B. No. 21

The purpose of this bill was to provide the Motor Vehicle Repair Industry Board greater flexibility in administering the motor vehicle repair certification program.

Currently, the law provides that the certification program for motor vehicle mechanics shall include both a written and a performance test. This bill would allow the Board to establish and revise the format of the test for entry level proficiency by rules, but would not affect the Board's current examination format since the material proposed for deletion is already contained in the rules.

Your Committee received supporting testimony from the Motor Vehicle Industry Repair Board and the Hawaii Automobile Dealers' Association and finds that this measure would improve the administration and regulation of the motor vehicle repair law and is therefore in the public interest.

Your Committee has amended the bill by deleting the reference to the state director of vocational education in section 437B-4(3), Hawaii Revised Statutes, and replacing it with reference to the University of Hawaii. Your Committee has also amended the bill by adding a section which provides that in the event the Motor Vehicle Repair Industry Board elects to discontinue the practical examination, the Board shall so notify the Department of Commerce and Consumer Affairs, the Legislative Auditor, and the legislature's committees on consumer protection and commerce.

Your Committee wishes to note that it is your Committee's intent that maintenance of the practical exam shall not be used to unreasonably restrict entry into the field.

Your Committee on Consumer Protection and Commerce 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 placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi and Nakasato.
Senator Kuroda did not concur.

Your Committee on Consumer Protection and Commerce 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 placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi and Nakasato.
Senator Kuroda did not concur.

SCRep. 411 Consumer Protection and Commerce on S.B. No. 33

The purpose of this bill was to make it a discriminatory practice to refuse to enter into a real estate transaction with a person because the person uses the services of a guide dog, a signal dog, or a service dog.

In its consideration of this bill, your Committee heard testimony from representatives of the Eye of the Pacific Guide Dog & Mobility Services, Inc., the Aloha Council of the Blind and Visually Impaired, the National Federation of the Blind of Hawaii, and from numerous handicapped persons and real estate managers, all in support of this measure. Your Committee also received testimony from the Department of Commerce and Consumer Affairs which recommended amending the bill to provide that the animal must be certified. However, your Committee is concerned that such a requirement may impose undue restrictions on persons requiring the services of such animals.

Your Committee, after considering all the testimony, has amended the bill by clarifying that the persons who use guide dogs or signal dogs and would thus qualify for the anti-discrimination protection of this measure must be either blind or deaf, and by adding new definitions of "guide dog", "signal dog", "blind", and "deaf" to section 515-1, Hawaii Revised Statutes. Your Committee has also amended the bill by deleting references to service dogs, incorporating the proposed amendments to section 515-16 into the amendments to section 515-3, and by making technical and stylistic changes which have no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 33, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 33, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi and Nakasato.

SCRep. 412 Consumer Protection and Commerce on S.B. No. 368

The purpose of this bill is to clarify that any person who advertises terms of credit sales, in connection with the sale of consumer goods or services, must disclose the annual percentage rate of closed end credit being offered and if the rate may be increased after the buyer becomes contractually bound.

The present wording of section 476-29, Hawaii Revised Statutes, is confusing and could be interpreted to require the disclosure of the annual percentage rate for closed-end credit sales, only if the rate may be increased after a buyer is contractually bound.

This bill would amend the section to clarify that advertisements must disclose the annual percentage rate for all contracts providing for the extension of closed-end credit, and also must disclose if the rate may be increased after the buyer is contractually obligated on the contract.

Your Committee received favorable testimony from the Department of Commerce and Consumer Affairs and finds that this bill will serve to better inform consumers regarding the terms and conditions of credit sales.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 368 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 B. Kobayashi and Nakasato.

SCRep. 413 Consumer Protection and Commerce on S.B. No. 389

The purpose of this bill was to extend the Board of Examiners in Naturopathy and strengthen the laws relating to licensing of naturopathic physicians.

Specifically the bill: (1) extends the Board until December 31, 1993; (2) provides that applicants for licensure must be a graduate from an institution which is accredited by a professional accrediting agency recognized by the U.S. Department of Education; (3) deletes the continuing education requirement; (4) deletes the list of subjects for the examination; (5) deletes the seventy-five percent passing score requirement; and (6) requires applicants to pass a written examination that has been developed, validated, and tested for reliability by a professional testing agency.

Your Committee heard testimony by the Hawaiian Society of Naturopathic Physicians and the Board of Examiners in Naturopathy and finds that the Board should be extended for six years. Your Committee also finds that changes are needed in the licensing procedure, but not

necessarily those contained in the bill as introduced. Therefore, your Committee has made the following amendments:

- (1) Reinstated the original statutory language relating to accreditation and provided that the institution from which graduated must be accredited by a professional accrediting agency recognized by the U.S. Department of Education as of January 1, 1990. Your Committee finds that the federal government often moves slowly and that it may take some time before naturopathy schools receive the accreditation they request;
- (2) Restored the minimum passing score of seventy-five percent on the examination, to ensure minimum competency; and
- (3) Retained the continuing education requirement, again to ensure minimum competency.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 389, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 389, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi and Nakasato.

SCRep. 414 Consumer Protection and Commerce on S.B. No. 393

The purpose of this bill was to extend the Board of Veterinary Examiners for six years and allow unlicensed scientists or professionals to perform services if the person's expertise is not available in the State and the person has obtained a temporary permit from the Board.

Your Committee heard testimony from the Board of Veterinary Examiners and finds that the Board should be extended. However, your Committee believes the Board should be extended for ten years, and has therefore amended the bill to provide for repeal as of December 31, 1997.

Your Committee also finds that out-of-state professionals should be allowed to offer their particular talents in Hawaii if no regularly licensed practitioner is available to do the job. However, your Committee agrees with the Board that this bill, as introduced, would make administration of such a proposal difficult, especially in determining when and if a shortage of expertise exists. Also, under the wording of the bill as introduced, a temporary permit could only be issued to applicants who intend to take the state examination. Therefore, your Committee has amended the bill by deleting the proposed new paragraph (8) in section 471-2, Hawaii Revised Statutes, and adding language to paragraph (5) to the effect that no certified scientist or professional in animal care may be prohibited from practicing when in actual consultation with or under the sponsorship of licensed veterinarians of this State. Your Committee believes that this change better serves the intent of the original proposal and will help reduce unlicensed activity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 393, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 393, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi and Nakasato.

SCRep. 415 Consumer Protection and Commerce on S.B. No. 442

The purpose of this bill is to ensure that consumers of health care services receive treatment from competent and qualified professionals.

Specifically, the bill improves the licensing practices and procedures with respect to the following health care professionals: physicians and surgeons, osteopathic physicians and surgeons, podiatrists, dentists, nurses, and veterinarians. The bill also authorizes state boards that regulate these professions to establish inactive and retired license categories; to communicate with federal, state and county agencies concerning licenses and licensees; to report disciplinary action; to handle on a confidential and medical basis cases of inability to practice because of illness or impairment; and grant immunity to participants in board activities.

The Director of the Department of Commerce and Consumer Affairs (DCCA) testified in support of the bill, indicating that the grant of additional powers and authority to examining boards would simplify and expedite their work.

The Hawaii Federation of Physicians and Dentists opposed the bill on the grounds that current statutes and procedures, "if appropriately utilized," provide requisite authority. The Federation also expressed concern because the bill was limited to certain health care professionals and

omitted allied practitioners such as chiropractors, naturopaths, and psychologists. The Director of DCCA explained that the categories of providers covered in the bill were chosen on the basis of their authority to prescribe drugs. The Federation also believed that the grant of immunity and extension of authority to obtain medical and psychiatric records comprised an unwarranted authorization of power to the boards of examination.

The Hawaii Medical Association (HMA) recommended that the establishment of an inactive category of license be voluntary on the part of the licensee. The HMA also questioned the wisdom of section -6 of the bill, noting that authorized acquisition of psychiatric case records might impede the effectiveness of on-going "impaired professional" programs.

Although the Department of Health recommended passage of the bill it did have reservations concerning section -6.

In concluding its deliberations, your Committee took note of the reservations expressed about section -6, but determined that the investigative process required by the bill was adequate to insure the confidentiality of material obtained in the course of board action. The Director of DCCA also stated that unlike the Regulated Industries Complaints Office, information under board jurisdiction would not be available for public inspection.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 442 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 Chang, B. Kobayashi, Kuroda, Nakasato and Ikeda.

SCRep. 416 Consumer Protection and Commerce on S.B. No. 443

The purpose of this bill is to repeal Chapter 443A, Hawaii Revised Statutes, relating to debt collection practices, and establish new chapters relating to collection agencies and collection practices.

Chapter 443A, was originally enacted to protect creditors from unscrupulous or dishonest collection agencies and to protect debtors from abusive collection agencies. Bonding requirements and standards of practice were established to regulate collection agencies.

Through Act 313, Session Laws of Hawaii 1986, consumer collectors (those persons and firms collecting their own debts) became subject to the requirements of Chapter 443A. However, Act 313 also arguably required consumer collectors to comply with bonding requirements. This bill would enact a new chapter relating to collection agencies which contains the provisions which existed in Chapter 443A, prior to Act 313; enact another chapter relating to consumer collection practices; and place the regulation of collection agencies under the Department of Commerce and Consumer Affairs (DCCA).

In addition to incorporating the statutory material from Chapter 443A, the new chapter on collection agencies contains the following new material:

- (1) Definitions of "department" and "director", and inclusion of out-of-state businesses under the definition of "collection agency";
- (2) Authorization for DCCA to clarify and implement the new chapter by rule;
- (3) Requirement that a collection agency must register with the Department, in addition to filing a bond;
- (4) Provision requiring sixty days prior notice to the director of DCCA before a surety can cancel or terminate the bond required to be obtained by a collection agency; and
- (5) Authority for the Department to assess appropriate registration and renewal fees.

The new chapter on collection practices sets forth those practices which would be prohibited in any commercial debt activity. Such practices would constitute unfair and deceptive trade practices under Section 480-2, Hawaii Revised Statutes, and would be subject to penalties under that chapter.

Your Committee heard supporting testimony from the DCCA, Hawaii Financial Services Association, and others and finds that this bill would clarify the intent of the Legislature in enacting consumer collector legislation, strengthen the ability of DCCA to regulate such activities, and provide for sufficient enforcement to protect the consuming public from unfair

and deceptive practices.

Your Committee has amended the bill to:

- (1) Specifically exclude industrial loan companies from the definition of collection agency;
- (2) Add a definition of "consumer debt" to the chapter on collection practices;
- (3) Provide exceptions to the enforcement provisions relating to consumer debt practices in cases where false accusations or disclosure of false material information arose out of a bona fide error; and
- (4) Make technical changes which have no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 443, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 443, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, B. Kobayashi, Kuroda, Nakasato and Ikeda.

SCRep. 417 Consumer Protection and Commerce on S.B. No. 447

The purpose of this bill is to clarify the requirement that persons who practice chiropractic be tested for competence in the use of physiotherapy modalities.

Act 243, Session Laws of Hawaii 1984, among other things, amended the laws regulating chiropractors to require that all applicants, from the effective date of the Act (June 4, 1984) demonstrate to the satisfaction of the Board of Chiropractic Examiners that the applicant has received training in the use of physiotherapy modalities at an accredited institution and has passed the physiotherapy portion of the National Board of Chiropractic Examiners examination, in addition to other requirements. The Act also mandated the Board to adopt rules for granting approval for use of physiotherapy modalities by practitioners who were granted licenses prior to June 4, 1984.

Act 243 set forth the new requirements in a new subsection (d) which was added to section 442-6, Hawaii Revised Statutes. As currently drafted, subsection (d) deals with (1) applicants for initial licensure, and (2) licensees who had not been initially tested for competence in the use of physiotherapy modalities, and as a result, confusion has arisen as to the administration of the subsection. This bill would clarify the requirements regarding the use of physiotherapy modalities by transferring the requirements for initial licensure to subsection (c) which pertains to initial licensure and retaining the matters relating to granting approval to use physiotherapy modalities by licensees who had not been tested in subsection (d).

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and finds that this bill will clarify the laws relating to the regulation of chiropractors and improve the administration of such laws.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 447 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 Chang, B. Kobayashi, Kuroda, Nakasato and Ikeda.

SCRep. 418 Consumer Protection and Commerce on S.B. No. 450

The purpose of this bill is to authorize the Board of Osteopathic Examiners to adopt rules to define the type of supervision, direction, and control that must be maintained by an osteopathic physician and surgeon over osteopathic physician's assistants.

Current statute permits the employment of physician's assistants in the practice of osteopathy but is silent regarding specific requirements relating to their supervision. This bill would require the Board of Osteopathic Examiners to establish supervision, direction, and control standards much the same as the Board of Medical Examiners prescribes for physician's assistants in the practice of medicine.

Your Committee considered supporting testimony presented by the Board of Osteopathic Examiners and finds that this measure will help to ensure that the consumer is well served by the osteopathy profession and is therefore in the public interest.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 450 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 B. Kobayashi and Nakasato.

SCRep. 419 Consumer Protection and Commerce on S.B. No. 451

The purpose of this bill is to strengthen and clarify several sections in chapter 465, Hawaii Revised Statutes, relating to the practice of psychology.

Specifically, the bill does the following:

- (1) Amends section 465-4 to provide that a licensed Board member must have at least five years of post-doctoral experience and lay members may not be involved in the field of psychology in any way;
- (2) Amends sections 465-6(3) and 465-10 to delete references to reciprocity because reciprocity does not in fact exist. This bill replaces the term reciprocity with "examination waiver";
- (3) Amends section 465-11 to allow a licensee who temporarily moves to another state, or goes on sabbatical, etc., to be relieved from having to pay full licensure fees while remaining in good standing;
- (4) Amends section 465-13 to clarify which acts are violations of the standards prescribed by the Board; and
- (5) Increases the maximum penalty provided in section 465-15 to \$1,000 for each violation.

Your Committee heard supporting testimony from the Board of Psychology and the Hawaii Psychological Association and finds that this measure will improve the regulation of the practice of psychology in Hawaii and is therefore in the public interest.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 451 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 Chang, B. Kobayashi, Kuroda, Nakasato and Ikeda.

SCRep. 420 Consumer Protection and Commerce on S.B. No. 452

The purpose of this bill is to make terminology changes and provide clarification in reference to dental hygienists, schools, and duties.

These changes include the deletion of the term "exposed" in reference to surfaces of teeth; and the deletion of the phrase "taking of dental impressions for study casts" from among the duties permitted of a dental hygienist.

For clarification purposes, other terms have been deleted and replaced by new terminology. "American training" has been changed to "a dental hygiene" school "accredited by the American Dental Association (A.D.A.)." The term "exposed," used in reference to the removal of deposits or stains from the "exposed" surface of teeth during the practical examination is being deleted because all surfaces of teeth are worked on in the practical examination, not just the "exposed" area. The deletion of the procedure of "taking dental impressions for study casts" from the duties specifically permitted for dental hygienists is recommended because, in the opinion of the Board of Dental Examiners, qualified dental assistants should also be permitted to perform this function. The rules currently being amended by the board will clarify that dental hygienists and dental assistants will be permitted to perform this procedure.

Your Committee adopted the recommendation of the Hawaii Dental Hygienists and has amended Section 1 of the bill by adding "commission on Dental Accreditation" after "(ADA)" in line 9, page 1. The purpose of this amendment is to clarify the name of the accreditation body. The new wording would allow those dental hygienists who received equivalent training and education in a dental hygiene school accredited by the ADA Commission on Dental Accreditation (i.e. Canadian hygienists) to be able to take Hawaii's dental hygiene licensing examination.

Your Committee has further amended the bill by making nonsubstantive language changes to

section 447-3(b), Hawaii Revised Statutes, for the purpose of clarity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 452, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 452, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, B. Kobayashi, Kuroda, Nakasato and Ikeda.

SCRep. 421 (Majority) Consumer Protection and Commerce on S.B. No. 524

The purpose of this bill is to allow for the continued development of the practice of naturopathy in Hawaii.

The bill would extend the existence of the Board of Examiners in Naturopathy until December 31, 1993, clarify the definition of naturopathy, and provide that licensed naturopathic physicians may apply x-rays and perform minor surgery but may not prescribe or dispense medicines which are not natural medicines.

Your Committee received supporting testimony from the Board of Examiners in Naturopathy and the Hawaiian Society of Naturopathic Physicians and finds that this measure is necessary to protect the health and safety needs of the consuming public and to provide for free competition in the health care marketplace for the purposes of cost containment and the development of new and integrated health care services.

Your Committee, after further consideration, has amended the bill as follows:

- (1) Allowed naturopathic physicians to order x-rays, but not apply them;
- (2) Excluded all surgery from the list of approved naturopathic practices; and
- (3) Authorized naturopathic physicians to prescribe natural or homeopathic medicines but not controlled substances as provided in chapter 329, Hawaii Revised Statutes.

Your Committee believes that these changes will truly reflect the skills and training required of licensed naturopathic physicians and thus provide an extra measure of protection to the consumer.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 524, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 524, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi and Nakasato. Senator Matsuura did not concur.

SCRep. 422 Consumer Protection and Commerce on S.B. No. 453

The purpose of this bill is to ensure that Section 408-14, Hawaii Revised Statutes, is not affected by the enactment of Act 167, Session Laws of Hawaii 1983.

Act 167 is the Hawaii Business Corporation Act which passed the Legislature in 1983, but will take effect on July 1, 1987. Section 8 of the Act amends Section 408-14, relating to industrial loan companies. The amendment to Section 408-14 made by Act 167 has already been effected by subsequent legislation (Act 234, SLH 1984) and in addition, other changes to the section have been made since 1983. To retain the changes to Section 408-14 which have been enacted since 1983, it is necessary to repeal Section 8 of Act 167 before it takes effect on July 1, 1987.

Your Committee received favorable testimony from the Department of Commerce and Consumer Affairs on this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 453 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 B. Kobayashi and Nakasato.

SCRep. 423 Consumer Protection and Commerce on S.B. No. 811

The purpose of this bill is to require disclosure of certain information by persons who administer games of chance.

Your Committee finds that there is a need for regulation of "games of chances" as the public should be protected from possible fraudulent contests. Consumers of this State are frequently solicited by mail and other means to participate in sweepstakes and other contests. The disclosures provided for in this bill would aid consumers in making informed decisions regarding their participation in these contests.

This bill would require users, promoters, and manufacturers of games of chance to advertise these games truthfully and honestly, to disclose information concerning the prizes available, won, and weekly status report of prizes as a game progresses, and the geographic area covered by the games.

Your Committee has amended the bill by changing "games" to "contests" as it appears in the bill to conform the terminology with present statutes, by providing a definition of "contest of chance", and by making technical changes which have no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 811, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 811, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi and Nakasato.

SCRep. 424 Consumer Protection and Commerce on S.B. No. 877

The purpose of this bill is to expand the authority to import liquor into the state to include manufacturers and rectifiers.

Currently, section 281-3, Hawaii Revised Statutes, allows licensed wholesalers to import liquor into the State. This bill would give manufacturers the same privilege to import liquor.

Upon consideration of the testimony from the Wholesale Liquor Dealers Association and review of the bill, which was heard with S.B. No. 1047, a similar measure, your Committee finds that manufacturers should be allowed to import liquor.

Your Committee made the following amendments to the bill:

- 1) The bill has been made retroactive to June 30, 1986, in correlation with the effective date of the gallonage tax on liquor. Section 3 has been amended to reflect this change;
- 2) A typographical error on page 2, line 5, has been corrected by changing "work" to "word"; and
- 3) For the purposes of consistency and to ensure that manufacturers who import are subject to liquor taxes, and with the support of the Liquor Control Administrator, City and County of Honolulu, the language beginning on page 1, line 16, through page 2, line 3, is amended by adding the words "manufacturer (including rectifier) or" before the word "wholesaler."

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 877, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 877, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi and Nakasato.

SCRep. 425 Consumer Protection and Commerce on S.B. No. 956

The purpose of this bill is to expand the rulemaking authority of the Director of Measurement Standards to allow the adoption of rules to prevent the misbranding of agricultural commodities as originating from a particular geographical region.

Misbranding is generally the act of misleading the consumer through incorrect labeling, claims, pictorial displays, or other means which are false and misrepresented.

Your Committee finds that concerns have been raised by Maui onion farmers, Kona coffee growers, and other local business persons regarding the practice of unfair and deceptive misbranding. These concerns involve practices such as the branding of onions as "Maui onions" or coffee as "Kona coffee" when the products labeled as such do not originate from the geographical regions as implied in the labeling.

This bill addresses this problem by requiring the Director of Measurement Standards to adopt rules to:

- (1) Require any person involved with a specified consumer product to keep and make available certain records which substantiate the geographical source of the consumer commodity or certain of its constituents;
- (2) Establish fanciful names or terms which could be used in labeling only those products which met the minimum compositional requirements for the use of such fanciful names or terms;
- (3) Reconcile the respective volumes of specific consumer commodities received by a processor versus the amount outputted; and
- (4) Provide correct and informative labeling of consumer commodities.

Your Committee has corrected an apparent typographical error on page 1, line 5, by replacing the word "cultural" with "agricultural", and has further amended the bill by retaining the word "or" on the same line and page which is needed to correctly separate the list of things which are included within the definition of consumer commodity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 956, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 956, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi, Matsuura, Nakasato and A. Kobayashi.

SCRep. 426 Corrections on S.B. No. 1149

The purpose of this bill is to amend Sections 352-23 and 352-24, Hawaii Revised Statutes, to delete provisions that place limitations on how the Hawaii Youth Correctional Facility (HYCF) may be organized.

Presently, Sections 352-23 and 352-24 require that the HYCF have a separate administrative section entitled "community service," to include an office entitled "juvenile parole". The small size of the HYCF population eligible for the services provided by the community service section and juvenile parole office do not warrant a separate entity dedicated to their needs. This bill would delete the requirement for the separate administrative section and substitute therefor a requirement that the HYCF have community service and juvenile parole programs.

Your Committee, upon consideration of this bill and a review of supporting testimony from the Department of Social Services and Housing, finds that Sections 352-23 and 352-24 need to be amended to enable HYCF to structurally reorganize in a more efficient and effective manner under program concepts.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 1149 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 427 Corrections on S.B. No. 1720

The purpose of this bill is to exempt medical directors employed in correctional facilities from civil services requirements.

Presently, the Department of Social Services and Housing has had great difficulty in recruiting a physician for the Oahu Community Correctional Center (OCCC) at the civil service salary of \$32,388. Another factor that contributed to recruitment difficulties is that the duties of this position were expanded to include administrative duties as the Medical Director, having health authority responsibility at OCCC.

Your Committee, upon consideration of this bill and the review of supporting testimony from the Department of Social Services and Housing, finds that an exemption of the civil service status of this position is the only way facilities such as OCCC can attract qualified physicians with appropriate administrative experience to assume the complex responsibility of the health authority.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 1720 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 428 Government Operations on S.B. No. 158

The purpose of this bill is to require members of boards and commissions of the State to attend not less than three-fourths of the meetings.

Additionally, this bill allows the Governor to remove or suspend any board member whose attendance does not meet this requirement.

Your Committee, upon consideration of this bill and the review of numerous testimonies, feels that to statutorily specify the number of meetings an appointee must attend is too rigid. Your Committee amended the bill by deleting the attendance requirement and inserting a requirement that the chairperson of each board and commission maintain attendance records and publish a summary which includes a list of the dates of meetings for which a quorum was not present. The boards and commissions allocated to a state department will publish their attendance summary in the annual report of the department. Boards and commissions not allocated to a department will submit their summaries directly to the Governor and the Legislature.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 158, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 158, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 429 Government Operations on S.B. No. 216

The purpose of this bill is to prohibit certain practices which promote the excessive consumption of liquor on licensed premises.

Your Committee received testimony in support of the bill from Mothers Against Drunk Driving (M.A.D.D.), the Department of Health and the Liquor Control Administrator of the City and County of Honolulu. The Hawaii Hotel Association and the Liquor Dispensers of Hawaii testified in support of the intent of the bill, to limit indiscriminate serving of liquor, but expressed concern that the bill would eliminate some legitimate business practices (e.g. hosted cocktail hours for banquets and alcohol as a room amenity). They also opined that existing laws could adequately regulate most of these practices.

Your Committee amended the bill by deleting the specific prohibited practices and inserting general language which prohibits the promotion of excessive consumption of liquor on licensed premises and requires the Liquor Commission to adopt rules and regulations to prohibit specific practices.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 216, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 216, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 430 Ways and Means on S.B. No. 1750

The purpose of this bill is to allow the Department of Transportation to increase or decrease future fees and charges by adoption of rules for vessels registered pursuant to section 267-11, Hawaii Revised Statutes.

Your Committee finds that while it may be desirable for the Department to have the flexibility to adjust their rates to meet their administrative costs, it is also important that the Legislature not relinquish its responsibilities of review and oversight.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1750, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 431 Ways and Means on S.B. No. 370

The purpose of this bill is to allocate Hawaii's annual ceiling for tax-exempt private activity bonds among government agencies authorized to issue such bonds; and to reflect the consolidation of all prior ceilings into one ceiling. The bill specifies the relative portions of the annual state allocation that the State and each county may utilize according to a formula using 1986 census information.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 370, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Matsuura.

SCRep. 432 Ways and Means on S.B. No. 515

The purpose of this bill is to establish a program, funded through appropriations of moneys raised through surcharges on the fees for obtaining copies of birth certificates and marriage licenses, to award grants to innovative projects to prevent child abuse and neglect.

This bill provides a mechanism for awarding grants for innovative projects to prevent the incidence of child abuse and neglect in Hawaii and will help to meet the need for increased public education as well as services for individuals at risk of abusing or neglecting their children.

In addition, this bill will provide a stable source of funding for the abuse and neglect prevention service. Moneys for prevention services in our State have, in the past, been sparse while the number of abuse and neglect cases continues to climb each year.

Your Committee has amended the bill by inserting \$400,000 as the amount to be appropriated to the department of health and by making technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 515, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 515, S.D. 2.

Signed by all members of the Committee.

SCRep. 433 Ways and Means on S.B. No. 554

The purpose of this bill is to continue the existence of the special fund in the Business Registration Division of the Department of Commerce and Consumer Affairs, as provided in section 416-97, Hawaii Revised Statutes.

The special fund is currently being utilized to employ additional personnel to review business filings with the Department and to expedite the processing of the documents.

Your Committee wishes to note that the intent of this bill is to eliminate the expiration clauses in any legislation which may affect the special fund.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 554, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 434 Ways and Means on S.B. No. 583

The purpose of this bill is to require that fifty per cent of the fines and forfeitures collected under the dog licensing law be paid to the respective county director of finance and deposited into the respective county's general fund.

Your Committee finds that the moneys provided by this bill would appropriately compensate the counties for the costs incurred in carrying out their responsibilities under the dog licensing law.

Your Committee has made technical, nonsubstantive amendments to the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 583, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 583, S.D. 2.

Signed by all members of the Committee.

SCRep. 435 Ways and Means on S.B. No. 616

The purpose of this bill is to authorize employers of private detectives and guards to conduct criminal history checks on all applicants for licensure and new employees of licensees through the Hawaii Criminal Justice Data Center.

Under current law, applicants for licensure as private investigator or guard, or employees of individuals so licensed, must undergo criminal history checks conducted by the county police departments. Under this bill, the Hawaii Criminal Justice Data Center would provide the criminal history information.

Your Committee finds that the process of obtaining criminal history checks should be expedited as much as possible, without violating any individual's right of privacy.

Your Committee has made technical, nonsubstantive amendments to this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 616, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 616, S.D. 2.

Signed by all members of the Committee.

SCRep. 436 Ways and Means on S.B. No. 980

The purpose of this bill is to establish a self-sufficient revolving fund for the maintenance of state telecommunications sites and equipment.

The State has telecommunication equipment at various sites at which other government agencies and some business organizations also locate their equipment. However, maintenance at these sites is now done by the users in a haphazard manner.

This bill contemplates that all users will enter into a formal agreement to share the costs of maintenance. All funds collected will be deposited into the revolving fund established by the bill and all maintenance expenses paid from the fund.

Your Committee has amended the bill by adding a provision to require the comptroller to prepare and submit an annual report to the legislature prior to the convening of each regular session.

Your Committee has also made technical, nonsubstantive amendments to the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 980, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 980, S.D. 1.

Signed by all members of the Committee.

SCRep. 437 Ways and Means on S.B. No. 1154

The purpose of this bill is to expand the scope of the present Hawaii Invention Loan Program to provide early stage financing for entrepreneurs and start-up companies.

The invention program, to date, has been ineffective in supporting new ideas. Its scope and its eligibility requirements are too narrow and not enough money has been appropriated for the program. This bill expands the scope of the program by changing its name to "Innovation Development Program" and defining "innovation" to include not only inventions but any new product. It also expands the definition of "loan" to allow innovative forms of financing involving warrants, options, and royalties on sales of earnings, to be specified in rule-making. This amendment addresses the problem of too few people qualifying for a loan due to the requirement for collateral and ability to pay the debt service. Finally, the bill adds a \$850,000 increase to the approximately \$150,000 presently in the loan fund.

Your Committee finds that this bill, coupled with an expanded Capital Loan Program, will give the Department of Planning and Economic Development a wide range of financing options to meet the diverse characteristics and needs of small ventures in Hawaii.

Your Committee has made three substantive amendments to this bill. First, the definition of "inventor" has been amended to include any resident taxpayer developing an innovation. Your Committee amended that definition so that the low interest loans authorized under section 211E-2, Hawaii Revised Statutes, shall be made for the development of innovations as well as inventions, in keeping with the intent of this bill.

Second, your Committee amended section 211E-2(b), Hawaii Revised Statutes, to provide that the department may prescribe, by rules, the forms of financial participation in which it may engage as a result of making loans under the innovation development loan program. The drafters of this bill originally intended that the department have such a power, yet, apart from

a reference to that power in the definition of a "loan", under section 211E-1, there is no language in this bill authorizing the department to prescribe forms of financial participation under the loan program. This amendment corrects that oversight.

Third, your Committee changed the effective date of this bill to July 1, 1987, since the bill authorizes appropriations.

Your Committee has made other technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1154, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1154, S.D. 1.

Signed by all members of the Committee.

SCRep. 438 Ways and Means on S.B. No. 1295

The purpose of this bill is to establish an exchange program with Guangdong Province in the People's Republic of China for the purpose of sharing ideas and information regarding economic development, trade, science, education, agriculture, tourism, and related activities to enhance economic prospects for both regions. The program is to be guided by an advisory board within the department of planning and economic development and funded by an appropriation of \$25,000 in each year of the fiscal biennium.

Your Committee has made minor technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1295, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1295, S.D. 2.

Signed by all members of the Committee.

SCRep. 439 Ways and Means on S.B. No. 1367

The purpose of this bill is to increase the monthly retirement allowance by an additional \$1 per month for each year of credited service for those pensioners with at least ten years of credited service who retired prior to July 1, 1982.

The bill will aid in combatting the steady erosion of the purchasing power of those retirees' pensions because of inflation and the minimal post retirement provisions of the law.

Your Committee finds that the bill will provide a measure of financial relief to those pensioners who made government service their careers and is consistent with the legislature's policy regarding Hawaii's retired public employees.

Your Committee has amended the bill by inserting \$1 into the appropriation section where the sum to be appropriated was left blank.

Your Committee also made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1367, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1367, S.D. 1.

Signed by all members of the Committee.

SCRep. 440 Ways and Means on S.B. No. 1713

The purpose of this bill is to establish a state surplus property revolving fund with moneys collected from the sale, storage, or disposal of state-owned property through the state surplus program.

The department of accounting and general services' surplus property branch has two operating programs: the federal surplus program and the state surplus program. Current law provides for a revolving fund for the federal program, but no equivalent fund is authorized for the state program. This bill provides for a revolving fund for the state program from which the expenses of the state surplus program can be paid.

Your Committee has amended the bill to require the comptroller to maintain a record of all transactions involving the revolving fund and to make an annual report to the governor and the

legislature.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1713, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1713, S.D. 2.

Signed by all members of the Committee.

SCRep. 441 Ways and Means on S.B. No. 1741

The purpose of this bill is to clarify the requirements relating to credited service and eligibility for members of the Employees' Retirement System who terminate or retire and subsequently return to government service, and for those who transfer from the noncontributory plans to the contributory plans, and vice versa.

Specifically, the bill would do the following:

- (1) Provide that total credited service as a contributory and noncontributory member would be used to determine a member's eligibility for retirement;
- (2) Clarify the rights of a member with vested interest who subsequently returns to government service and require members who retire from the noncontributory plan and subsequently return to government service to remain in the noncontributory plan; and
- (3) Include disability retirement allowance which was inadvertently omitted from chapter 88.

Your Committee has amended the bill by clarifying that service as the chief clerk or the sergeant at arms of either house of the legislature is in the alternative and not, as presently worded, joint service as "the chief clerk and the sergeant at arms of both houses of the legislature".

Your Committee has also made other technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1741, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1741, S.D. 2.

Signed by all members of the Committee.

SCRep. 442 Ways and Means on S.B. No. 1757

The purpose of this bill is to increase the maximum amount available under the Capital Loan Program from \$250,000 to \$1,000,000.

Since the inception of the Hawaii Capital Loan Program in 1963, it has proven to be an effective means of providing financial assistance to small businesses thereby generating new job opportunities for Hawaii's residents, with the resultant increase in tax revenues inuring to the State. The new maximum would provide for more business opportunities and is consistent with legislative efforts to reduce the cost of doing business in Hawaii.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1757, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 443 Ways and Means on S.B. No. 56

The purpose of this bill is to amend the child passenger restraint system tax credit law to require that the credit be equal to the purchase price but not exceeding \$25.

Presently, even if the purchase price is \$20, a taxpayer can receive a credit of \$25. Your Committee agrees with the Committee on Transportation that the tax credit should more equitably reflect the actual cost.

Your Committee has amended the bill to correct the effective date so that the Act will be applicable to taxable years beginning after December 31, 1987, rather than effective on December 31, 1987.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 56,

S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 56, S.D. 2.

Signed by all members of the Committee.

SCRep. 444 Ways and Means on S.B. No. 82

The purpose of this bill is to repeal section 235-110.5, Hawaii Revised Statutes, which provides a tax credit equal to four per cent of the gross sales price of items such as glue, paints, and solvents which can be abused by inhalation, provided that substances have been added to deter such abuse.

Your Committee finds that the tax credit is ineffective in reducing inhalation abuse and that the safety and health of the public would be better served by requiring additives rather than offering economic incentives for using them.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 82 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 445 Ways and Means on S.B. No. 318

The purpose of this bill is to allow the Hawaii Community Development Authority (HCDA) to establish, through the adoption of administrative rules, the cost allocation of public utility improvements constructed in improvement districts.

This bill clarifies the jurisdiction of the HCDA in any removal, relocation, reconstruction, or replacement of public utility facilities deemed necessary as part of a district-wide improvement program. The determinations shall be made with consideration of the cost allocation policies for improvement districts established by the particular county.

Your Committee finds that the proposed amendment clarifies existing law and does not expand the powers of HCDA as established in chapter 206E, Hawaii Revised Statutes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 318, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 446 Ways and Means on S.B. No. 533

The purpose of this bill is to establish an offender family service center which would contribute to the frequency and quality of family visits that are necessary for rehabilitation of prison inmates.

This bill recognizes the fact that maintaining an inmate's family and community relationships is an effective correctional technique which reduces recidivism and promotes rehabilitation. Families represent the greatest potential resource for positive change in our criminal justice system. The bill further recognizes that enhancing visitor services increases the frequency and quality of visits, thereby discouraging violent prison activity; and that the location of prisons and the lack of services to assist visitors presently impedes visiting.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 533, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 447 Ways and Means on S.B. No. 633

The purpose of this bill is to make collective bargaining negotiations of public employers' contributions to the Health Fund consistent with the health benefits changes authorized by the State Legislature in Act 304, Session Laws of Hawaii (SLH) 1985.

Act 254, SLH 1984, authorized collective bargaining negotiations to determine the amount of public employer contributions for the medical, hospital, surgical, and dental benefits of a health benefits plan and for group life insurance benefits and Act 304, SLH 1985, authorized the Health Fund's Board to contract for additional health benefit plans covering adult dental, prescription drug, and vision care benefits.

Your Committee finds that the Collective Bargaining Law should be amended accordingly to recognize the availability of additional employee fringe benefit plans.

This bill substitutes the terms "medical, hospital, surgical" for the term "health," or vice-versa where applicable, deletes the requirement that the monthly contribution made by employers to the Health Fund shall be based on the Hawaii Medical Service Association's regular plan rates which are approved by the Board, and to make similar changes in the Collective Bargaining Law by cross-referencing the definition of health benefits plan in section 89-9, HRS.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 633 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 448 Ways and Means on S.B. No. 646

The purpose of this bill is to legally establish the basis for the Department of Health to provide mental health services inside correctional facilities.

Mental health services have been provided to correctional institutions by the Mental Health Division of the Department of Health for over twenty years. However, this has been done only by agreement. This bill would require the Department of Health to provide mental health services to those individuals who are incarcerated in correctional facilities.

Presently, the working arrangement between the Department of Social Services and Housing and the Department of Health could be potentially altered by a Director of Health and necessary mental health services could diminish since there is no statutory mandate.

By case law, proper health services must be provided to prisoners of state correctional facilities and the enactment of this bill would ensure the delivery of mental health services to inmates.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 646, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 449 Ways and Means on S.B. No. 736

The purpose of this bill is to provide discounted electricity rates for residential electricity users who are elderly or handicapped with limited income.

In 1986, legislation was enacted which established lifeline telephone rates for elderly or handicapped subscribers with limited income. In order to fund the lifeline rates, the public utility is allowed a tax credit, equal to the lifeline rate subsidy, to be applied against the utility's public service company tax liability. This bill would extend the concept of lifeline rates to electricity service.

Your Committee finds that electricity service is an essential need which should be provided at reasonable cost and that this bill will help those persons who are least able to cope with rising costs to maintain basic utility services.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 736 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 450 Ways and Means on S.B. No. 1274

The purpose of this bill is to establish a governor's ocean resources tourism development task force to study how the natural beauty of Hawaii's coastal areas, beaches, and near-shore ocean waters might be preserved, restored, or enhanced for the promotion and development of the ocean recreation and tourism industries.

The task force, as proposed by this bill, consists of three members selected by the governor from the department of planning and economic development's ocean resources office, the department of land and natural resources, and the Hawaii Visitors Bureau. The bill requires the task force to submit recommendations to the legislature prior to the 1988 and 1989 regular sessions and provides an appropriation of \$20,000 to be expended by the task force to carry out

its work.

Your Committee has amended the bill to make technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1274, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1274, S.D. 1.

Signed by all members of the Committee.

SCRep. 451 Ways and Means on S.B. No. 880

The purpose of this bill is to raise the statutory ceiling on the salary of the attorney general.

Your Committee recognizes the necessity of recruiting and securing the most qualified candidates for the position of attorney general. After all, the Attorney General heads the largest "law firm" in the State.

Many highly qualified attorneys from the private bar are discouraged from considering the position of attorney general because of the substantial discrepancy between the current salary and salaries available in the private sector. Many attorneys of the highest caliber often command salaries which exceed \$150,000.

This bill is intended to give the executive branch flexibility to compensate those persons who make substantial financial sacrifices in order to be of service to the State. For that reason, your Committee strongly believes that only those persons appointed to the position of attorney general who relinquished income greater than the salary available under the proposed bill should be compensated at levels in excess of that received by other department heads.

Your Committee has made a technical, nonsubstantive amendment.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 880, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 880, S.D. 1.

Signed by all members of the Committee.

SCRep. 452 Ways and Means on S.B. No. 909

The purpose of this bill is to require that the department of social services and housing provide substance abuse treatment for persons committed to state correctional facilities.

Your Committee agrees with the Committee on Corrections that substance abuse treatment of persons committed to state correctional facilities should be accorded a high priority within the department of social services and housing. This bill will ensure that substance abuse treatment is provided and will provide the department with the flexibility of determining how such treatment is to be provided.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 909, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 453 Ways and Means on S.B. No. 968

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to finance a hydroelectric power plant on the Honolii Stream in Hawaii County by the Mauna Kea Power Company, Inc.

Hydroelectricity is an environmentally acceptable technology that provides energy to several of the islands. The Honolii Stream hydroelectric project will greatly increase the energy from this source which, along with other available renewable energy resources, will provide greater energy self-sufficiency for the Big Island.

Your Committee finds that this bill is consistent with the State's goal of energy self-sufficiency and that it would help reduce Hawaii's dependency on imported petroleum.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 968, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 454 Ways and Means on S.B. No. 1158

The purpose of this bill is to increase the annual salary of the state public defender from \$55,404 to \$61,560 effective January 1, 1987.

Your Committee finds that the public defender council has unanimously recommended that the state public defender's salary be set commensurate with that of first deputies or assistants to department heads and concurs with this recommendation.

Your Committee has amended the bill to take effect retroactively to January 1, 1987, in order to conform to the text of the amended operative section, and made a technical, nonsubstantive amendment to the bill for the purposes of clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1158, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1158, S.D. 1.

Signed by all members of the Committee.

SCRep. 455 Ways and Means on S.B. No. 1357

The purpose of this bill is to establish a user advisory board to advise the division of water and land development of the department of land and natural resources on matters of concern to the users of the Molokai irrigation system.

The proposed advisory board and its structure have been recommended by a Legislative Reference Bureau Report entitled: The Molokai Irrigation System: A Management Study, as a means to provide effective input from the users. Your Committee agrees with the Committee on Agriculture, Energy and Ocean Resources that a four-year lifespan for the advisory board should be sufficient to resolve the communication problems present in the system today.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1357, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 456 Ways and Means on S.B. No. 1424

The purpose of this bill is to statutorily establish a fee schedule for appointed counsel and guardians ad litem and to increase the compensation of appointed counsel and guardians ad litem for legal representation of indigents in the family court.

The Ad Hoc Committee on Fees of Court-Appointed Private Counsel which was appointed by the Chief Justice of the Hawaii Supreme Court has recommended that the fees for court-appointed private counsel and guardians ad litem be increased in order to provide reasonable compensation for their work. Your Committee concurs with the Committee on Judiciary's finding that reasonable compensation is in order.

Your Committee has amended the bill to provide for the inclusion of the new provision under chapter 571 (the family court law) instead of chapter 551, to include a \$1 appropriation, and to make technical, nonsubstantive changes to the bill for purposes of clarity and style.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1424, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1424, S.D. 1.

Signed by all members of the Committee.

SCRep. 457 Ways and Means on S.B. No. 1483

The purpose of this bill is to establish a public schools student foundation within the department of education which will provide supporters of the public school system with an accessible, legally established mechanism to attract support and contributions to assist students in, and improve the quality of, the public school system.

Your Committee concurs with the findings of the Committee on Education that the establishment of a foundation as provided by this bill will enhance the public school system by encouraging the active involvement of community leaders, volunteers, businesses, and other

groups in supporting and improving the public school program in Hawaii.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1483, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 458 Ways and Means on S.B. No. 1708

The purpose of this bill is to allow the department of agriculture to transfer funds between the agricultural loan revolving fund and the aquaculture loan revolving fund.

Both of these loan programs are very similar, and having the flexibility to transfer funds between the two revolving funds as the need arises will enable the department to meet the objective of both programs on a more timely basis.

Your Committee has amended this bill to require that the department report to the legislature all transfers between the agricultural and aquacultural loan funds and the respective balances of each fund as of December 31 of each year.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1708, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1708, S.D. 1.

Signed by all members of the Committee.

SCRep. 459 Planning and Environment on S.B. No. 778

The purpose of this bill is to preserve the habitat of unique native species of flora and fauna by including them in the conservation districts.

Presently, there are many areas which are not in the conservation districts that support unique flora and fauna. This bill mandates the Department of Land and Natural Resources to initiate amendments to the conservation district boundaries to include high quality native forests and the habitat of rare native species of flora and fauna within the conservation districts.

Your Committee, upon consideration of this bill and the testimony from the Chairman of the Department of Land and Natural Resources, finds that Hawaii's unique native flora and fauna should be preserved as provided in this measure.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 778 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 460 Ways and Means on S.B. No. 1735

The purpose of this bill is to appropriate funds from the general fund, highway fund, and general obligation bond funds to satisfy various claims against the State.

Your Committee finds that S.B. No. 1735, S.D. 1, would cause a reduction of services provided by the department of transportation and a need to increase rates. While your Committee agrees that the State's liability should be reduced and that corrective measures should be undertaken by, and that better maintenance should be a high priority of, the department of transportation, the impact of the bill is too severe and would unjustifiably victimize the public in order to punish the department of transportation. Your Committee finds that this is not an appropriate solution.

Your Committee has therefore amended the bill by transferring the appropriations from the highway fund and harbor fund to the general fund, with the exception of debt services payment out of the highway fund for the Moseman case, and essentially rewritten the bill to make it nearly identical to the one originally introduced.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1735, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1735, S.D. 2.

Signed by all members of the Committee.

SCRep. 461 Ways and Means on S.B. No. 320

The purpose of this bill is to conform the Hawaii income tax law to the Internal Revenue Code of 1986 and to amend chapters 235 and 241, Hawaii Revised Statutes, to reflect the changes necessary to effectuate that purpose. Included also are provisions granting a food tax credit, a capital goods excise tax credit, an exemption from the general excise tax for export sales, a credit against taxes paid for the purchase of capital goods used in production or manufacturing, and an exemption for exported sales of computer software and technical services related to their development.

Your Committee has amended the bill's provisions relating to the operation of certain Internal Revenue Code sections by removing the exception with respect to an additional amount to the standard deduction for certain unmarried individuals that the higher amount shall be \$250.

Your Committee has also added to the provisions relating to exemptions from the state income tax that in the case of an individual with respect to whom a deduction under this section is allowable to another taxpayer, the personal exemption amount applicable to them is zero.

Your Committee has further amended this bill by making technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 320, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 320, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 462 Tourism and Recreation on S.B. No. 466

The purpose of this bill is to establish a definition of "thrill craft" under the boating law, prohibit a person of less than fifteen years of age from operating a thrill craft, and defining an occurrence resulting in \$200, instead of \$100, of vessel damage as a "boating accident".

Your Committee has amended the definition of "thrill craft" contained in the bill, as received. One amendment revises the speed of which a thrill craft is capable of exceeding to twenty, from fifteen, miles per hour. The amendment more accurately identifies the true potential speeds of those crafts. A second amendment requires a thrill craft to have the capacity of carrying not more than the operator and one other person while in operation. The third amendment specifies that the ten-foot maximum length is the length "as manufactured". Your Committee is aware that stabilizers are sometimes attached to thrill crafts which increase their lengths considerably. This amendment is intended to prevent the circumvention of the definition by the attachment of temporary or optional devices. The final amendment includes a "hovercraft" in the definition.

In addition, your Committee has included a provision which prohibits the operation of a thrill craft in waters of the State, except in areas designated by rule of the department of transportation. This prohibition is to take effect on July 1, 1988.

The nature of thrill crafts require their operation in calm, nearshore waters, which are also used by persons engaged in nonmotorized water activities, such as swimmers, divers, and paddlers. Because of the size and speed capability of thrill crafts, nonnecessity of any skill for operation, and lack of operator qualifications, swimmers, divers, and paddlers are exposed to serious injury or death when thrill crafts are in the vicinity. In fact, at least one death has occurred from the operation of a thrill craft. Thus, your Committee finds that the commingling in waters of thrill crafts and persons engaged in nonmotorized water activities is a threat to the public health and safety, justifying strict regulation.

Moreover, your Committee finds that thrill crafts have caused a significant deterioration of the environment. They are extremely noisy and leave a turbulent wake, resulting in the reduction of the pleasure of others engaged in water activities, driving away or otherwise disturbing aquatic life, and erosion of Hawaii's valuable shoreline.

For these reasons, your Committee finds that the protection of the public health and safety and preservation of the general welfare require the prohibition of thrill craft operation in the waters of the State, except in areas designated by the department of transportation. It is the intent of your Committee that the areas designated by the department be far away from: areas customarily used by swimmers, divers, and paddlers; areas where fishing, net laying or throwing, or crabbing is conducted; popular beaches; commercial and small boat harbors; reefs which are the habitats of aquatic life; marine sanctuaries and reserves; and the spawning, mating, or

feeding grounds or migratory routes of aquatic life.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 456, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 456, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 463 Transportation on S.B. No. 378

The purpose of this bill is to allow the counties to set a higher annual bicycle tax of up to \$5.

Your Committee heard testimony that such an increase is justified in light of increasing expenses associated with the bikeway fund. An increase may enable more bikeway improvements.

Your Committee has amended the bill to provide for a fee of up to \$5 for bicycles and up to \$10 for mopeds. Your Committee finds that mopeds present more of a burden to infrastructure and enforcement than do bicycles. Therefore the additional fees for mopeds is deemed appropriate.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 378, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 378, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 464 Transportation on S.B. No. 795

The purpose of this bill is to prohibit the fraudulent use of motor vehicle tags and emblems.

Currently there is a statute to prohibit and penalize those individuals who transfer or misuse any vehicle plates but a similar provision does not exist for the transfer or misuse of vehicle emblems or tags. This bill provides a penalty for the fraudulent use of motor vehicle tags and emblems by including tags and emblems in section 249-11, Hawaii Revised Statutes.

Your Committee finds that this bill will provide the means to prosecute any person who misuses vehicle emblems and tags.

Your Committee on Transportation 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.

SCRep. 465 Transportation on S.B. No. 1749

The purpose of this bill is to clarify the types of motor vehicles exempt from the seat belt use requirement.

Currently emergency vehicles, commercial for hire vehicles, mass transit vehicles, and type I school buses are exempt from the seat belt requirement. This bill deletes commercial for hire vehicles and type I school buses and provides clarifying definitions for emergency vehicle and mass transit vehicle.

The director of the department of transportation testified that the vehicles classified under commercial for hire are being eliminated because these vehicles are all equipped with seat belts and there is no justification for exempting them from the law. The type I school buses are being eliminated because they are now covered under the definition of "mass transit vehicle".

Your Committee has amended the bill by deleting the quotation mark on page 1, line 12 after the word "duty." to conform with recommended drafting style.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1749, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1749, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 466 Transportation on S.B. No. 457

The purpose of this bill is to include navigable streams in Section 266-16, Hawaii Revised Statutes, which provides the Department of Transportation the authority to regulate activities in the ocean waters of the State.

Act 57, Session Laws of Hawaii 1986 clarified the Department of Transportation's jurisdiction over waters throughout the State. This Act included amendments to Sections 266-1 and 266-3, Hawaii Revised Statutes, to include navigable streams. However, Section 266-16 was not amended accordingly. This "housekeeping" measure rectifies this oversight.

Your Committee has amended the bill by deleting a period on page 1, line 3, after the word "waters", to conform with recommended drafting style.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 457, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 457, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 467 Military and Civil Defense on S.B. No. 984

The purpose of this bill is to provide immunity for commanding officers who bring nonjudicial punishment actions against enlisted members.

The Hawaii Code of Military Justice provides people who participate in courts-martial immunity from civil liability. However, people who participate in nonjudicial punishment are not afforded the same coverage.

The State Adjutant General testified that nonjudicial punishment is an official, but substantially less formal method of imposing discipline than courts-martial, which are criminal trials. Further, the maximum punishment allowable is substantially lighter, and records of convictions are not permanent. The Department of Defense finds that nonjudicial punishment is an extremely effective tool for implementing military discipline for minor offenses because it provides the ability to impose a lighter sentence within a short period of time after the offense occurs.

Your Committee finds that providing immunity for persons who participate in nonjudicial punishment would encourage this practice as an alternative to courts-martial, which are more costly and cumbersome.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 984 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 468 Military and Civil Defense on S.B. No. 1703

The purpose of this bill is to amend Section 121-7, Hawaii Revised Statutes (HRS), to clarify the scope of the Adjutant General's command.

Currently Section 121-7, HRS, states that "the adjutant general shall be the executive head of the department of defense and commanding general of the National Guard."

Substituting the words "militia of the State" for "National Guard" would clarify that the adjutant general's scope of command includes all of the military components in the department rather than just the National Guard.

This would also make Section 121-7 consistent with Section 121-9, which states "The adjutant general shall supervise all of the forces comprising the military components of the department of defense of the State."

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 1703 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 469 Military and Civil Defense on S.B. No. 1704

The purpose of this bill is to update and improve the laws relating to the Hawaii State Guard

and to promote uniform laws for state and territorial defense forces.

This bill repeals Chapter 122, Hawaii Revised Statutes, relating to the Hawaii State Guard, and substitutes the Model State Defense Force Act provided by the National Guard Bureau.

The Adjutant General of the State of Hawaii testified that the National Guard Bureau is currently pursuing Federal legislation which would amend current Federal laws governing the State defense forces. One of the changes is a provision for the Federal government to provide some level of support to organized State and Territorial defense forces. By substituting legislation which conforms to the Model State Defense Force Act, Hawaii would be in a better position to be considered for and given Federal support.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 1704 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 470 Tourism and Recreation on S.B. No. 887

The purpose of this bill is to require the Department of Land and Natural Resources to submit an annual report on state resort facilities to the Legislature.

In a public hearing held on this bill, your Committee received testimony from the Department which indicated that a statutory definition of "state resort facility" does not exist. The Department explained that at the time this law was enacted, several state park systems in the county were developing commercial resort complexes in an effort to attract out-of-state visitors and establish tourist industries. However, to date Hawaii has only developed a handful of family cabins and group lodging accommodations which can hardly be considered resort facilities.

Your Committee finds that if section 184-11 were read literally it would mandate the Department to establish resort facilities on public lands in each county. Your Committee, however, agrees with the Department that there is no compelling need for the State to compete with our largest industry by providing or subsidizing tourist accommodations, and has therefore amended this bill by repealing Chapter 184, Part II, Hawaii Revised Statutes, relating to State Resort Camps and Resort Facilities.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 887, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 887, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 471 Ways and Means on S.B. No. 516

The purpose of this bill is to authorize the issuance of special purpose revenue bonds in the amount of \$40,000,000 to assist Kapiolani Health Care System, Inc., to finance or refinance a construction and renovation project and for the development of a data center for the Kapiolani Center for Women and Children.

Your Committee finds that the Kapiolani Health Care System, Inc., is a not-for-profit corporation which provides health care to the general public and that this bill will improve its ability to provide needed medical and health related services to the public. Accordingly, your Committee agrees with the Committee on Health that the issuance of special purpose revenue bonds as provided by this bill is in the public interest and consistent with the legislature's mission to provide for the public health.

Your Committee has made technical, nonsubstantive amendments to the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 516, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 516, S.D. 2.

Signed by all members of the Committee.

SCRep. 472 Higher Education on S.B. No. 774

The purpose of this bill is to mandate the University of Hawaii to grant scholarships in lieu of tuition waivers, to graduate students who provide specific services to the University.

The bill provides that scholarships may be awarded to provide full tuition and other fees, or to partially cover tuition to supplement salaries for graduate students who teach, conduct laboratory sessions, or perform any other type of instructional or research work for the University.

Your Committee finds that the new federal tax reform laws will have detrimental effects on graduate students. According to the University of Hawaii's Graduate Student Organization, the new tax laws will not only "...reduce already inadequate teaching assistant and research assistant salaries by \$250 and \$550, respectively. It is our understanding that tuition waivers will now be included as taxable income, which would result in an additional tax liability graduate students cannot afford."

This bill would serve to assist graduate students by requiring the granting of scholarships in lieu of tuition waivers.

Your Committee has amended the bill by removing the reference to the scholarships being used "to supplement salaries." This amendment will serve to remove any ambiguities in the bill and clarify that the scholarships have no relationship to salaries and, therefore, should not be taxed. Your Committee has also amended the bill by making technical changes for the purpose of conformance with recommended drafting style.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 774, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 774, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 473 Higher Education on S.B. No. 1752

The purpose of this bill is to authorize the Board of Regents to adopt rules to manage the inventory, equipment, surplus property and expenditures of the University of Hawaii.

Recent administrative action has served to transfer the authority and responsibility for managing University inventory, equipment and surplus property and expenditures from the Department of Accounting and General Services to the University. This bill would codify the transfer of authority and responsibility and provide the University with specific rule-making authority in these areas, thereby providing clearer guidance to those dealing with the University.

Your Committee received favorable testimony from the Vice-President for Finance and Operations, University of Hawaii-Manoa.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 1752 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 474 Housing, Hawaiian Programs and Natural Resources on S.B. No. 285

The purpose of this bill is to limit the items for which the Hawaii Housing Authority (HHA) can seek reimbursement in the administration of the Land Reform Program established under Chapter 516, Hawaii Revised Statutes.

Current statute provides that HHA may require that lessees seeking to participate in leasehold conversion submit a deposit to cover the costs incurred by HHA.

This bill clarifies that the lessee's deposits may be used to cover arbitration fees incurred by HHA and eliminates reimbursements of other costs.

Your Committee, upon consideration of testimony received, has amended the bill by retaining the originally deleted phrase "and any other cost".

Your Committee finds that the HHA is charged with the responsibility of performing tasks specifically outlined in various sections of Chapter 516, which necessitate incurring expenses to administer the program.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 285, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 285, S.D. 1, and be placed on the calendar for

Third Reading.

Signed by all members of the Committee except Senator Young.

SCRep. 475 Housing, Hawaiian Programs and Natural Resources on S.B. No. 58

The purpose of this bill is to allow a landlord to collect twice the monthly rent from a holdover tenant for as long as the tenant remains in possession of the rental unit if the landlord commences summary possession proceedings within the first sixty days of the holdover.

Under current law, a tenant who refuses to vacate a rental unit after the rental agreement expires or is terminated is liable for a sum up to twice the monthly rent but only up to one month. Further, the landlord's acceptance of rent in advance after the first month of holdover creates a month-to-month tenancy in the absence of an agreement between the parties.

This bill deletes the one month limitation for liability for twice the monthly rent if the landlord commences an action for summary possession during the first sixty days of the holdover. Failure to commence the action within the first sixty days would result in the establishment of a month to month tenancy after the sixty days at the rental rate contained in the expired or terminated rental agreement.

Your Committee finds that the provisions of this bill are fair to both landlord and tenant. If a tenant retains possession of a rental unit against the wishes of the landlord, the landlord should be allowed to collect double rent for as long as the tenant is a holdover. However, a landlord should act promptly to regain possession of the unit and by not initiating court action within the first sixty days of the holdover indicates a lack of desire to end the holdover.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 58 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. 476 Housing, Hawaiian Programs and Natural Resources on S.B. No. 420

The purpose of this bill is to amend Section 521-44(c), Hawaii Revised Statutes, to clarify the requirements for the refunding of a security deposit upon the termination of a rental agreement.

Presently, a landlord must return a security deposit to a tenant no later than fourteen days after the termination of the rental agreement. If the landlord finds that a portion of the deposit needs to be retained for cleaning and repairs, written notice of that determination and return of the remaining portion of the deposit must be made during the same fourteen-day period.

This bill provides that the requirement for return of the security deposit or written notice for the partial retention of the deposit is satisfied if the refund or notice is forwarded to the tenant by certified mail before midnight of the fourteenth day after the day of termination of the rental agreement. The bill also provides for a limitation on the length of time during which a tenant can bring an action against a landlord for wrongful retention of the tenant's security deposit.

Your Committee has amended the bill by providing tenants up to 180 days after the termination of the rental agreement to bring action against a landlord for the recovery of a complete or partial retention of the security deposit.

Your Committee has further amended the bill by correcting the spelling of "information" on page 2, line 8.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 420, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 420, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Young.

SCRep. 477 Housing, Hawaiian Programs and Natural Resources on S.B. No. 549

The purpose of this bill is to provide the Hawaii Housing Authority (HHA) with a credit equal to amounts appropriated by the state legislature for the development of water sources and related activities.

Currently, when HHA develops homes, they are charged water source development fees by the Board of Water Supply of the affected county although the State subsidized the development of the new water source.

This bill provides credits to the HHA which will be applied to water source development fees assessed in the development of housing projects under chapters 356, 359, or 359G, Hawaii Revised Statutes.

Your Committee, upon recommendation by HHA, has amended the bill by adding language to clarify that the county shall not assess any charges or fees for the development or improvement of water systems within that county.

Your Committee on Housing, Hawaiian Programs and Natural Resources 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 placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Young.

SCRep. 478 Housing, Hawaiian Programs and Natural Resources on S.B. No. 419

The purpose of this bill is to allow the use of the security deposit as the last month's rent when mutually agreed upon by the landlord and tenant.

Current law restricts the use of the security deposit as the last month's rent.

This bill provides that a tenant may apply the security deposit towards the payment of the last month's rent if the landlord and tenant agree to do so in writing and the tenant gives 45 days notice of vacating the premises. The bill further provides that by entering such an agreement, the landlord does not otherwise waive the right to pursue legal remedies against the tenant for any damages the tenant causes.

Your Committee heard supporting testimony from the Legal Aid Society and the Hawaii Association of Realtors and finds that the use of the security deposit as the last month's rent is a common practice and is beneficial to both the tenant and the landlord.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 419 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. 479 Housing, Hawaiian Programs and Natural Resources on S.B. No. 426

The purpose of this bill is to require written notification by the landlord and tenant to terminate a month-to-month tenancy.

Your Committee received favorable testimony and finds that the requirement will make the practice uniform and will protect both the landlord and tenant and make clear the period when the termination is effective.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 426 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. 480 Housing, Hawaiian Programs and Natural Resources on S.B. No. 238

The purpose of this bill is to require that one-third of the mineral royalty payments collected by the State be paid to the county in which the mining takes place.

Presently, all royalties and payments collected from mining is deposited into the State general fund. The counties do not receive any of the funds. This bill will provide compensation to the counties for the impact the mining has in that area.

Your Committee concurs with the intent of the bill and strongly recommends that the royalties collected from geothermal mining in the county of Hawaii be used for the construction of an educational visitor center on state land adjacent to the Hawaii Volcano National Park, to preserve the oral traditions and Hawaiian mythology of that particular geographical area. This

center would preserve the integrity of Pele for future generations.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 238 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. 481 Consumer Protection and Commerce on S.B. No. 16

The purpose of this bill was to establish Lifeline banking rates for persons under 18 and over 65 years of age.

Since deregulation of the banking industry, fees charged on savings and checking accounts, have risen thirty-five percent and five percent, respectively between 1984 and 1985.

Your Committee finds that since deregulation, the costs for the banking consumer, especially service fees and high minimum balances, effectively prohibit low income persons from having savings or checking accounts.

Your Committee heard testimony in opposition to the bill from the Hawaii Bankers Association (Association) which testified that with deregulation, customers pay fees equivalent to the actual cost of the services they use such that if one portion of the customers are exempted from these fees, the fees will either have to be transferred to other customers or to the stockholders. Your Committee also received testimony from the Hawaii League of Savings Institutions that all of the savings and loans in the State offer some type of free services for senior citizens and that youth accounts are very expensive for the banks as they are labor intensive and minors are not contractually liable for debts or charges on checking accounts. The Association, the League and the Department of Commerce and Consumer Affairs believe that the financial institutions should have wide latitude in establishing fees and policies for their accounts.

Your Committee heard testimony in favor of the bill from Robert Gibson of the Kokua Council of Senior Citizens who testified that this bill would greatly help those persons 65 and over who currently can't afford banking services.

After careful and lengthy deliberation, your Committee finds that despite testimony to the contrary, there is an urgent need to provide free or low cost banking services to low income persons. Therefore, your Committee has amended the bill as follows:

- (1) Require banks to provide checking accounts free of any service charge or minimum balance requirement to persons who "direct deposit" any government, social security, payroll, or periodic check into their account;
- (2) Prohibit banks from imposing service charges on the first 25 checks drawn on the account per month or billing cycle, whichever is applicable;
- (3) Prohibit persons from having more than one of these accounts per financial institution;
- (4) Specify that financial institutions may charge against such account any reasonable fee, as determined by the Commissioner of Financial Institutions, when payment is refused because of insufficient funds on a check drawn against such account;
- (5) Deleted all references to age requirements as your Committee believes these proposed services should benefit persons of all ages.
- (6) Amended the purpose section to conform to the other revisions to the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 16, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 16, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 482 (Majority) Consumer Protection and Commerce on S.B. No. 339

The purpose of this bill was to amend Section 431-463(a), Hawaii Revised Statutes (HRS), by adding provisions to provide for optional riders to a sickness insurance policy at an additional cost to add coverage for veterinary services for eligible domestic animals which are pets of the policyholder.

Your Committee believes that household pets constitute major economic, as well as emotional investments for a sizeable portion of Hawaii's residents. In view of this, your Committee finds that providing for pet insurance would contribute to the well-being of pets and satisfaction of pet owners, and aid in controlling the economic losses of pet owners due to the illness or injury of their pets.

Your Committee received testimony from the Hawaii Association of Domestic Life Insurers and the Hawaii State Association of Life Underwriters who had reservations towards the bill. They expressed a concern about using an optional rider for pets and whether the existing insurance laws should address pet insurance. The Department of Commerce and Consumer Affairs testified that there are precedents for the bill and they did not oppose the concept from the standpoint of the insurance laws.

Upon consideration of the bill, your Committee has amended the bill by providing for a new section in chapter 431, HRS, which requires insurance companies to offer a separate optional policy for pets with the specification that only the owners who elect the coverage shall pay for the optional rider. Your Committee has intentionally refrained from placing a similar measure in chapter 433, HRS, which covers non-profit mutual benefit societies. Your Committee has further amended this bill by providing for an effective date of January 1, 1988.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 339, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 339, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator B. Kobayashi did not concur.

SCRep. 483 Consumer Protection and Commerce on S.B. No. 390

The purpose of this bill is to implement the recommendations of the Legislative Auditor's Office pursuant to its sunset report on the Board of Massage.

The bill proposes to extend the life of Chapter 452, Hawaii Revised Statutes, Board of Massage, to December 31, 1993. The bill also proposes to change the out-call service license requirement and to prohibit board members from teaching or sponsoring apprentices. Furthermore, the bill expands the academic training requirement, limits the license examination to a one-part written test, and eliminates the practical examination.

Your Committee heard testimony from the Board of Massage and both professionals and apprentices in the massage field favoring the extension of chapter 452 but opposing the proposals to bar board members from associating with massage schools and to eliminate the practical examinations.

Your Committee concurs with the recommendation of deleting the proposed amendment on page 5, line 2, prohibiting board members from affiliating with any massage school, as the proposal is too restrictive, and has amended the bill accordingly.

Your Committee has further amended the bill by retaining the current statutory language in section 452-14, relating to the examination, as the practical "hands-on" examination is an essential evaluation of a massage therapist's skill, and by adding the requirement that the Board of Massage submit a proposal for a practical examination with standards of competency to the Legislature before the 1988 legislative session.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 390, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 390, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Chang, Fernandes Salling and Kuroda.

SCRep. 484 Consumer Protection and Commerce on S.B. No. 449

The purpose of this bill is to amend the law relating to reexamination of optometry candidates and to clarify the procedure for a hearing upon denial of a license.

Prior to January 1, 1987, candidates who failed to obtain a passing score in all twelve parts were allowed a second and third chance for reexamination covering only those parts which the candidate failed to pass. After three attempts, an unsuccessful candidate was required to file a new application, pay the required examination fee and retake the entire examination.

Beginning January 1, 1987, the Board of Optometry replaced its examination with the National Board of Examiners (NBE) written examination. The administering and grading of the examination is done by the NBE which has its own provision for reexamination and therefore renders the current law moot.

Also the existing law contains only a reference to the licensee's right of appeal to circuit court upon denial or refusal of a license. This bill would specify that a candidate who is refused or denied a license may request a contested case hearing pursuant to Chapter 9L.

Your Committee heard testimony from the Board of Optometry in support of this bill and finds that a candidate who is denied a license should have the right to a contested case hearing.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 449 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 Aki, Chang, Fernandes Salling and Kuroda.

SCRep. 485 Consumer Protection and Commerce on S.B. No. 526

The purpose of this bill is to provide that an employer may be the beneficiary of group insurance on the lives of his employees.

Present law prohibits such practice. This bill, however, would allow such a transaction as long as the employer uses the group insurance proceeds for the purpose of purchasing employer securities distributed to employees from a qualified pension, profit sharing, stock bonus, or employee stock ownership plan.

Your Committee received supporting testimony from Private Capital Corporation and American Trust Co. of Hawaii and finds that without the ability to predict and fund risks against pre-retirement, death, or permanent disability, private companies are discouraged from forming employee stock ownership plans for the benefit of their employees. However, your Committee also finds that there is a need to clarify the intent of this measure and conform this group life insurance exception to that now found relating to group disability insurance benefits. Therefore, your Committee has deleted the proposed amendment to section 431-572, Hawaii Revised Statutes, and inserted the following:

"provided that if the entire cost of the insurance has been borne by the employer and the employer uses the benefits for the purpose of purchasing employer securities distributed to employees from a pension, profit sharing, stock bonus, or employee stock ownership plan which has been qualified under Section 401 of the Internal Revenue Code, benefits may be made payable to the employer.

(b) Issuance of group life insurance policies shall be subject to the following requirements: "

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 526, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 526, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Kuroda, Matsuura and A. Kobayashi.

SCRep. 486 Consumer Protection and Commerce on S.B. No. 555

The purpose of this bill is to make retroactive section 514A-13(h), Hawaii Revised Statutes, which provides that lobby areas, swimming pools, recreation areas, saunas, trash chutes, and other similar areas not located inside apartments intended for residential use or the conduct of a business, constitute common elements unless designated limited common elements by the declaration document.

Your Committee heard testimony from Frank Slocum, president of two condominium associations, who said that making this section of the statute retroactive would prevent these kinds of areas from being designated apartments so that they could be voted at annual association meetings in order to control the composition of the board of directors. He recommended that section 514A-13.5, Hawaii Revised Statutes, which preserves the right of ingress and egress to apartment owners without the payment of remuneration for the privilege, also be made retroactive as a part of this bill.

Slocum explained that both statutory sections became law in 1984, but a subsequent opinion

of the Attorney General held that they lacked language to make them retroactive.

The Hawaii Independent Condominium and Cooperative Owners Association supported the bill, but the Real Property Section, Horizontal Property Regimes Committee of the Hawaii State Bar Association opposed it on grounds that it would remove a property right from individual owners, and would erode the predictability of the law by effecting change of that which had already been established.

Upon reflection and review of the 1984 legislation, your Committee concluded that section 514A-13.5 should be included within the present bill, and has amended it accordingly.

Your Committee also amended the bill to make it undeniably clear that it is the intention of the Committee that the common elements specified in section 514A-13(h), such as trash chutes, saunas, and laundry chutes shall not be voted as are regular dwelling units in condominium association matters. Your Committee considers that the designation of such areas as "apartments" strains credulity and common sense, and amply justifies the action contemplated in this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 555, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 555, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 487 (Majority) Consumer Protection and Commerce on S.B. No. 565

The purpose of this bill was to amend Act 2 of the First Special Session Laws of Hawaii 1986 by exempting policies issued by nonprofit reciprocal liability insurance companies from the commercial liability rollback requirements of 1986, 1987, and 1988.

Your Committee received testimony from the Hawaii Medical Association that medical malpractice insurance is not widely available in this State and that exempting medical malpractice carriers from the liability insurance rate rollbacks would help to insure their continued availability.

Your Committee is in agreement that the continued availability of medical malpractice insurance is vital to the health needs of the State and, therefore, has amended the bill to exclude all medical malpractice policies from the premium rollback provisions of Act 2.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 565, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 565, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Kuroda, Matsuura and A. Kobayashi.

Senator Chang did not concur.

SCRep. 488 Consumer Protection and Commerce on S.B. No. 722

The purpose of this bill is to allow cable operators to use alternative forms of security for the performance bond required under section 440G-6(b)(5), Hawaii Revised Statutes.

The bond requirement is to ensure the timely and proper construction of increments of cable plant by a cable operator.

In their discussions regarding proposed revisions to the state cable law, the cable industry and the Department of Commerce and Consumer Affairs (DCCA) discussed the problems associated with the bond requirement. The DCCA recognized that cable operators have experienced difficulty obtaining the performance bond required by the state cable law for a number of years. Particularly in the infancy of the local cable industry, bonding companies were reluctant to provide the required bond because young cable companies lacked a track record for construction. More recently, bonds have sometimes been difficult to obtain because many cable companies in the state employ their own construction crews to build increments of their cable systems, rather than hiring third party contractors. Understandably, bonding companies would not bond a cable system against non-performance by itself.

Despite their mutual concern, the DCCA and the industry were unable to resolve the issue of how this problem could best be addressed.

This bill attempts to resolve this problem by allowing cable operators to use alternative

forms of security to satisfy state bond requirements.

Your Committee has amended the bill by adopting both changes recommended by the DCCA to amend paragraph (6) of the bill by deleting "any bidder to whom the contract is awarded may furnish a bond executed by the bidder alone..." and adding instead "any applicant may furnish a bond executed by the applicant alone..." This would conform the language of proposed paragraph (6) to the existing section (5). Your Committee also amended the bill by deleting "stocks and other negotiable securities" as acceptable forms of alternate security from the proposed paragraph (6). The deletion would obviate any administrative problems by DCCA in having to determine the cash or liquidation value of the securities and whether the securities could actually be negotiated if and when needed.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 722, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 722, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Kuroda, Matsuura and A. Kobayashi.

SCRep. 489 Consumer Protection and Commerce on S.B. No. 802

The purpose of this bill was to strengthen the laws relating to the personal liability of directors and officers of Hawaii corporations.

In particular, this bill permits a corporation to adopt a provision in its articles, bylaws or other agreement, provided such provision is approved by the corporation's shareholders, to limit or eliminate personal monetary liability of its agents, including directors and officers, to the corporation for an alleged breach of duty to the corporation unless the agent's conduct was knowingly fraudulent, dishonest or illegal. The bill also expands the indemnification rights to cover persons who are providing services at the request of the corporation with respect to employee benefit plans of the corporation.

Under both existing law and under the Hawaii Business Corporation Act, a corporation may advance expenses to directors and officers incurred in defending claims covered by the indemnification provisions provided the agent agrees to repay any advances, unless it is determined that the agent is entitled to be indemnified by the corporation.

Additionally, this bill amends the Hawaii Business Corporation Act by following Virginia's new corporate code and codifies the directors' standard of care as being "in accordance with the directors' good faith business judgment of the best interests of the corporation". This approach differs from the language of the Hawaii Business Corporation Law which requires a director to discharge his duties not only in good faith, but also with the care of an ordinarily prudent person acting under similar circumstances and in a manner the director reasonably believes to be in the best interests of the corporation. Your Committee believes that this new provision will be subject to less conflicting interpretations.

Your Committee received numerous favorable testimonies on this measure and finds that directors and officers liability must be limited in order to allow corporations to attract and retain qualified directors and officers. This will in turn benefit the corporations, shareholders, and the community.

Your Committee, upon consideration of the testimony submitted by the Hawaii Society of Corporate Secretaries has added a proviso that an agent's liability will not be limited where the agent receives improper compensation.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 802, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 802, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 490 Consumer Protection and Commerce on S.B. No. 830

The purpose of this bill was to make it a discriminatory practice to refuse to enter into a real estate transaction with a person who is afflicted with acquired immune deficiency syndrome (AIDS) and conditions related to AIDS including AIDS Related Complex (ARC) and human immunodeficiency virus (HIV) infection. The bill would accomplish this by including AIDS, ARC, and HIV virus infection as physical handicaps under sections 515-2 and 516-62, Hawaii Revised Statutes.

Your Committee received favorable testimony from the Life Foundation which stated that a person diagnosed with AIDS is physically handicapped and should be subject to equal protection under the law. They further testified that persons with AIDS, ARC, or HIV infection are subjects of discrimination because people fear contagion or dislike homosexuals or intravenous drug users, and doubt the ability of such persons to pay their financial obligations.

Your Committee also received testimony from the Department of Commerce and Consumer Affairs to the effect that persons afflicted with AIDS, ARC, or HIV infection are already protected under the current definition of "physical handicap," which has been liberally construed to include impairments which substantially limit major life activities. The Department further testified that if this bill should become law as introduced, a myriad of special groups will likewise demand specific statutory recognition.

Your Committee, after careful deliberation, finds that the title of this bill is too broad to accomplish the intentions within it. By changing the definition of "physical handicap" to include AIDS, ARC, and HIV positive conditions, there would be an undesirable effect on other such references in the statutes. Your Committee further finds that while the potential for discrimination exists for those persons afflicted with AIDS, ARC, or HIV infection, there have been no documented cases of such discrimination in real property transactions.

Therefore, your Committee has amended the bill in the following manner:

- (1) Deleted references to AIDS, ARC, or HIV virus infection as a physical handicap;
- (2) Deleted the provision that would have made it a discriminatory practice to require a prospective buyer, renter, or lessee of real estate to undergo testing for HIV virus infection as a condition precedent to entering into a real estate transaction; and
- (3) Made technical, non-substantive changes, including reformatting, to conform the bill with recommended drafting style.

Your Committee believes that the simple inclusion of HIV infection as a prohibited basis for discrimination will deter discriminatory real estate practices and provide legal protection for persons who suffer from AIDS, ARC, or HIV virus infection.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 830, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 830, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Kuroda, Matsuura and A. Kobayashi.

SCRep. 491 (Majority) Consumer Protection and Commerce on S.B. No. 1173

The purpose of this bill is to require that an accident and sickness insurance policy or plan issued by insurers or a mutual benefit society also provide coverage for chiropractic care.

Under the current law many people covered by medical health plans are not provided with chiropractic service coverage.

Your Committee received testimony from the Department of Commerce and Consumer Affairs, Hawaii State Chiropractic Association, and Continental Association of Resolute Employers in support of this bill and finds that there are many people who desire chiropractic treatment but cannot receive it due to the lack of insurance coverage.

Your Committee finds this bill will provide the public with the alternative choices of medical care that they deserve.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1173 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senators B. Kobayashi and Matsuura did not concur.

SCRep. 492 Consumer Protection and Commerce on S.B. No. 1284

The purpose of this bill is to remove the ceiling on the amount of credit life insurance available to borrowers.

Current law places a limit of \$20,000 on the initial amount of credit life insurance. This bill would set the limit at the total amount of indebtedness, without specific limitation.

Your Committee heard testimony in support of this bill from Hawaii Financial Services Association and the Department of Commerce and Consumer Affairs and finds that the \$20,000 limit is obsolete and deprives borrowers and their families of needed insurance protection. Your Committee finds that most mortgage loans exceed \$20,000 and that present law prohibits many borrowers from insuring their loans to cover their total amount of indebtedness. Since such insurance coverage is entirely voluntary, this measure would not place any undue obligations on borrowers who do not wish to insure the entire amount of their loans, but it would allow borrowers to do so if they choose.

Your Committee has amended the bill by setting forth the entire contents of Section 431-573, Hawaii Revised Statutes, in conformance with recommended drafting style, and by making another technical change which has no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1284, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1284, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Kuroda, Matsuura and A. Kobayashi.

SCRep. 493 Consumer Protection and Commerce on S.B. No. 1287

The purpose of this bill was to increase from \$5,000 to \$25,000, the amount a bank may loan to its officers, directors, agents or employees without the approval of the bank's Board of Directors.

Presently, the amount is set by statute at \$5,000 which was established by the legislature in 1972. Despite inflation the amount has never been updated.

This bill will reduce the workload of bank directors and safely delegate loan approvals of less than \$25,000 to lower levels of bank management.

Your Committee concurs with the proposed increase but believes the \$25,000 to be quite substantial. Thus, your Committee has amended the bill by changing the \$25,000 to \$20,000.

Your Committee on Consumer Protection and Commerce 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 placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Kuroda, Matsuura and A. Kobayashi.

SCRep. 494 Consumer Protection and Commerce on S.B. No. 1289

The purpose of this bill is to provide the Real Estate Commission with subrogation rights in cases where it has settled a claim against the Real Estate Recovery Fund without an order of the court.

The Real Estate Recovery Fund was established by the legislature in 1967 to provide a remedy to any person aggrieved by a licensed real estate broker or salesman. When the Commission makes payments from the Fund, the law provides subrogation rights to the Commission only when the court so orders.

This bill would ensure that subrogation rights are provided to the Commission upon the settlement of a claim without an order of the court, and also as a result of an order pursuant to a judgment by the court for payment from the recovery fund.

The Real Estate Commission supports the bill as it is a housekeeping measure and would eliminate the cumbersome written agreements presently used in settlement cases to provide for the Commissions' subrogation rights.

Your Committee has amended the bill by making technical changes to conform the bill to recommended drafting style.

Your Committee on Consumer Protection and Commerce is in accord with the intent and

purpose of S.B. No. 1289, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1289, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Chang, Fernandes Salling, Kuroda and Matsuura.

SCRep. 495 Consumer Protection and Commerce on S.B. No. 1338

The purpose of this bill was to limit the maximum rate of interest which could be charged under a credit card agreement to seven percent a year above the average current prime rate, which was to be determined quarterly by the Commissioner of Financial Institutions. "Credit card" was defined as "any card, plate, coupon book, or other single credit device, issued with or without fee . . . for the use of the cardholder in obtaining money, goods, services, or anything else of value, from time to time, on credit."

At the outset of its consideration of this bill, which was the subject of extensive testimony by interested parties, your Committee recalled that several years previously, in 1980, when interest rates had risen dramatically and federal legislation made it necessary for the 10th State Legislature to lift the usury rate ceiling, it had fixed credit cards at a maximum rate of eighteen percent (Act 188, Session Laws 1980). One of the principal arguments advanced by financial institutions had been that the survival of a workable credit system demanded such rigorous action because the cost of money had risen so much that without relief, Hawaii was in imminent peril of running dry of funds to finance home mortgages, credit card indebtedness, and consumer debt in general. The corollary assertion followed that once the prime rate had decreased, credit card rates of interest would similarly decrease.

However, in the years since 1980 while the prime rate has decreased about 67 percent and the cost of money has reduced correspondingly, interest rates on credit cards locally have not until recently begun to be reduced, some to 16.5 percent, which is still more than double the current prime rate of 7.5 percent.

In its inquiry into this matter your Committee has determined that in the overall view, the proportionate cost of maintaining a credit system is as follows:

Fixed costs (facilities, salaries, utilities, postage, etc.)	50% - 60%
Cost of money	about 40%

Your Committee is also aware that in the earlier period many institutions and retail merchants (who operate their own credit card systems) obtained their operating funds on long-term, low interest contracts. Such arrangements have for the most part run their course and money now must be costed at close to the prime rate.

Your Committee has found it necessary to distinguish the so-called "bank cards" or "three-party" credit cards from retail credit cards, or "two-party" credit cards. While each may be termed a credit card, they possess fundamental differences.

- (1) "Two-party" refers to the merchant-customer relationship. "Three-party" refers to the issuing financial institution, the cardholder, and the retail outlet at which services or goods are obtained on credit;
- (2) Motivation. The retail card promotes identification with a specific merchant, whereas the bank card identifies with a universal card;
- (3) Pricing system. Retail cards usually have no annual fee but are financed by monthly interest charges on accounts not kept paid in full within the grace period. Bank cards have annual fees as well as finance charges, and may have other handling fees;
- (4) Customer use. More households have retail credit cards than bank credit cards, which usually are held by persons of higher than average income;
- (5) Credit standards. Retail credit cards are usually easier to obtain than bank credit cards, and often are the first credit arrangement entered into by young people; and
- (6) Balance size. Retail credit cards average a \$200 balance, while bank credit cards average \$800, and thus the latter can generate more revenue at lower rates than can the former.

Your Committee is advised that when retail merchants accept a bank credit card in a transaction, they usually are assessed a charge-back fee ranging from one percent to five

percent by the financial institution which administers the cards. The retailer is obliged to pass this cost along to his customers, and this adds to his cost of doing business. It has become apparent, therefore, that there must be provided a differential beneficial to merchants who honor bank cards in their transactions even though they issue their own retail credit cards. Your Committee has amended this bill by adding language to distinguish retail two-party credit cards from bank three-party credit cards, and by allowing retail credit cards to impose a three percent higher annual interest rate over and above the interest rate limit for bank cards as established by this bill, with these provisos:

- (1) The retail merchant must honor bank cards;
- (2) The retail card must remain "free," subject to no annual or other periodic fee;
- (3) The grace period for payment of the debt must not be abbreviated or eliminated; and
- (4) No other conditions or stipulations adverse to consumer and cardholder interest may be imposed.

There is a related element in this basic problem about which your Committee is compelled to comment, and that is the fact that the American consumer is approaching the borderline of dangerous over-extension of the use of credit, largely because of the comparatively easy access to credit through credit cards and similar arrangements. Many middle and lower income families are finding themselves cornered by mounting debt on the one hand and insufficient monthly cash flow on the other often because of the seductive lure of "plastic money."

As a matter of public policy, your Committee feels that when and if the cost of money exceeds 18 percent, the general extension of credit should be restricted to prevent excessive consumer debt at very high interest rates. The manner of such credit restriction should be left to the determination of the marketplace in competition conducted as freely as possible.

In concert with the foregoing concern is another trend which disturbs your Committee: increased consumer debt financing through the use of home equity (second and third mortgages), which is one result of the 1986 "tax reform" law passed by the Congress. It left the interest paid on mortgage loans as one of the few tax deductible items open to taxpayers. The rush to obtain this kind of borrowed money for consumer purchases is understandable, but the prospect of its excessive use and the consequent, possible loss of dwelling ownership raises serious questions which are beyond the context of S.B. No. 1338. Nonetheless, your Committee, in honoring its responsibilities to consumers, will keep the home equity money source and its use under close observation for the immediate future.

Your Committee has considered the familiar arguments against the imposition of a ceiling on credit card interest rates, i.e., that it would: (1) limit the availability of credit, often affecting principally the lower income families; (2) result in reduced customer services; (3) lead to increased annual fees and other handling charges; (4) stimulate higher retail prices; and (4) cause the elimination or curtailment of grace periods for payment.

However, your Committee is not blind to the fact that bank credit cards are being marketed by mainland banks at rates well below those charged by banks in Hawaii. As of February, 1987, a rate of 10.5 percent was effective for cards issued nationally by four banks in Arkansas. In addition, New York banks are now offering full service credit cards to consumers out of state at rates of 12 percent to 12.5 percent. Your Committee is disposed, therefore, to place reasonable restraints on credit card interest rates in this State.

In computing a fair interest rate to be allowed in view of fixed operating costs (50-60 percent) and the cost of money (about 40 percent) of credit card operations, your Committee has opted to use the semiannual prime rate as the best indicator of the cost of money to both consumers and credit card operators. Since many large loans are within one percent to two percent above the prime rate, your Committee feels that a limit of seven percent above prime is reasonable in view of the stated preponderance of fixed costs and in relation to the interest rates of other bank cards being offered on the mainland. The semiannual prime rate is selected as the indicator because the cost of money to credit card operators is normally based on long-term contracts. It will also provide for some stability in the maximum allowable credit card interest rate in Hawaii. Your Committee has amended the bill by providing for a definition of "prime rate" for purposes of clarification.

Your Committee is also aware that of the many bank cards being offered to consumers on the mainland at lower interest rates than those in Hawaii, the vast majority do NOT include any reduction of the free grace period for payment of the debt, nor do most include annual service fees above the \$15-\$20 range, or other stipulations adverse to the consumer interest. Your

Committee recognizes that any change in the grace period for payment or other conditions adverse to consumer interest should reflect cost savings to credit card operators. Your Committee has, therefore, provided a three percent reduction in the allowable interest rate should this occur, and has amended the bill accordingly. The amendment also provides that encroachment on consumer interest as noted above is subject to consumer complaint, and it identifies the Director of the Office of Consumer Protection as the appropriate official to receive such complaints.

Your Committee notes that the 18 percent ceiling on credit card interest rates formerly provided for in section 478-11, Hawaii Revised Statutes, was repealed in 1986 (Act 137, Session Laws of Hawaii 1986), although an 18 percent maximum for credit cards was incorporated in section 478-4, which pertains to rate by written contract. Your Committee feels it necessary to reestablish the general 18 percent ceiling on credit card interest rates, subject to the following qualifications:

- (1) Bank cards shall be limited to an annual interest rate of seven percent above the semiannual prime rate as determined by the commissioner of financial institutions, but in no event shall that rate exceed 18 percent;
- (2) Retail cards shall receive a three percent differential above the rate established for bank cards, but in no event shall it exceed 21 percent. Further, the three percent differential is contingent upon the retail card remaining "free" with no annual or other periodic fee; the grace period for payment of the debt shall not be curtailed or eliminated; and no other conditions or stipulations adverse to the interests of consumers and cardholders shall be imposed;
- (3) Retail cards issued by merchants who do not honor bank cards in their operation and who thus are not subject to a charge-back fee by the administering bank, are precluded from the three percent differential above the bank card rate, and in no event may utilize an interest rate greater than 18 percent; and
- (4) If the administration and management of bank cards involves actions adverse to the interests of consumers and cardholders, and exceeds or violates contractual provisions (e.g., elimination of the grace period, or increase of the periodic fee without due notice), the allowable interest rate for the card concerned shall be reduced three percent in recognition of the cost value of such action.

The foregoing provisions have been incorporated into this bill as amendments.

Your Committee has also amended the bill to provide that credit card rates shall become effective thirty days after publication of the semiannual prime rate by the Commissioner of Financial Institutions. Subsection 226.9(c), Regulation z, Federal Truth in Lending Act, requires written notice of rate changes to each customer affected, at least fifteen days prior to the effective date of the change.

Finally, your Committee amended the effective date of the bill itself, to thirty days following approval.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1338, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1338, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 496 Consumer Protection and Commerce on S.B. No. 392

The purpose of this bill is to provide for the continued regulation of cemeteries and mortuaries in the State of Hawaii as recommended by the Legislative Auditor in its Sunset Report on Chapter 441, Hawaii Revised Statutes.

Specifically, the bill has three substantive provisions. The first would extend Chapter 441, until December 31, 1993. The second would change the name of the chapter to the more descriptive "Cemetery and Funeral Trusts." The third provision would shorten the time period for deposit of clients' moneys into trust from thirty days to fifteen days.

Your Committee heard supporting testimony by the Department of Commerce and Consumer Affairs and finds that there is a continuing need to regulate the trust funds associated with perpetual cemetery care and preneed funeral plans. Your Committee also finds that the new chapter title is appropriate to its contents, and agrees with the Legislative Auditor's finding

that allowing moneys to remain out of trust control for as long as thirty days appears unjustified in this age of fast banking. Your Committee further finds that a fifteen day limit allows ample time for clients' checks to clear and licensees to deposit the moneys into their trust funds.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 392 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 Chang and Fernandes Salling.

SCRep. 497 Consumer Protection and Commerce on S.B. No. 441

The purpose of this bill was to conform Chapter 440G, Hawaii Revised Statutes, to applicable federal regulations and statutes, and to update provisions for the orderly regulation of cable communications.

Significant, far-reaching changes have come to the cable TV industry since the passage of the legislation establishing Chapter 440G in 1970. Additionally, the enactment in 1984 of the federal Cable Communications Policy Act (47 United States Code 521) further affected the cable TV industry nationwide in that it deregulated user fee setting within the industry and deferred to states certain rights of regulation and administration of industry franchises.

During its extended hearing of S.B. No. 441, your Committee received testimony from the Hawaii Cable Television Association; Henry L. Freund, TV producer of documentaries; the Department of Commerce and Consumer Affairs; Matthew Lang; the Chinese Language Education Association of Hawaii; Sean McLaughlin, a TV producer/director and university lecturer; and Shannon McMonagle, English teacher and community TV producer, all expressing great interest in the subject. Section 17 of the bill in particular received comment as it would provide to the extent permitted by federal law that a portion of fees collected could be "used for or in support of public, educational, or governmental access facilities."

During the discussion your Committee inquired closely into fee establishment practices, noting the present environment of deregulation, and expressed concern that the cable TV subscriber, or consumer, might be at the disposition of the franchise holder were there additional special assessments made against fee revenue, however worthy the purpose might be.

With that concern in mind, your Committee deleted Section 17 of the bill as received and appropriately amended Section 16 which contains the present statutory section dealing with fee setting and usage.

In considering franchise grants and renewals, your Committee notes that under the present law, franchises are nonexclusive, and would remain so in the amendatory language of this bill. Moreover, impressed by the impact of rapid and unforeseen advances in technology upon the cable TV industry, thrusting it into new areas of activity, your Committee concludes that the period of franchise renewal should be modified from the current twenty year maximum to a period within five-to-fifteen years, and has made appropriate amendments to the bill.

Further, your Committee felt it necessary to require that the Director, Department of Commerce and Consumer Affairs, with respect to license renewal applications, insist upon full disclosure by applicants to cover not only financial planning and track record, but also projected rate structure, and the manner and timing of future community programming. Accordingly, the bill was amended to include full disclosure.

Your Committee also considers it vital to the maintenance of a healthy cable TV industry in this State that each applicant for franchise, whether initial or renewal, demonstrate financial capability to provide capitalization for the market area proposed to be served or for the intended share of the market. Accordingly, the bill was amended to add the requirement that applicants for franchises demonstrate fiscal capability.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 441, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 441, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang and Fernandes Salling.

SCRep. 498 Consumer Protection and Commerce on S.B. No. 525

The purpose of this bill was to provide that whenever an insurance policy contains a provision for waiving premium payments during the period of the policyholder's total and permanent

disability, the waiver shall be in effect throughout the period of the disability. To qualify for the waiver, the policyholder would be required to submit a physician's certificate attesting to the degree and duration of the disability.

In considering this bill your Committee heard testimony from a policy owner who had paid premiums for a number of years after the person covered by the policy became totally disabled, not realizing that the policy had a premium waiver clause for total disability. The policy owner sought a refund of some \$600 in premiums paid during the period of total disability but the insurer declined on grounds that the premium waiver claim had not been filed within the stipulated six months following declaration of the disability. Moreover, the insurer refused to recognize the disability which had continued unabated over the years.

Your Committee also heard testimony from the Hawaii Association of Domestic Life Insurers which opposed the bill on the grounds that it would prevent insurers from obtaining current evidence of a continuing disability when a claim for waiver of premium has been filed. In many instances, according to the Association, disabled persons recover even though the original diagnosis was for permanent, total disability.

The Insurance Division of the Department of Commerce and Consumer Affairs expressed support for the bill.

Your Committee finds that this bill is necessary to protect the rights and benefits of insurance policyholders. However, your Committee has elected to amend the bill for the purpose of clarification, and to make plain your Committee's intention that it apply to existing and future life insurance contracts with premium waiver clauses. Your Committee has also amended the bill to provide that in cases of late filing for the premium waiver, if the policy owner demonstrates good faith and honest error, the insurer shall refund premiums paid after the date the qualifying disability was diagnosed.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 525, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 525, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Fernandes Salling, Nakasato and Ikeda.

SCRep. 499 Consumer Protection and Commerce on S.B. No. 870

The purpose of this bill is to require any seller, lessor, broker or sales agent to provide timely notification to a prospective buyer, lessee, or tenant prior to any sale, lease or transfer of property situated in certain designated areas.

The designated areas include:

1. The boundaries of a special flood hazard area as officially designated on Flood Insurance Administration (FIA) maps;
2. The boundaries of the Airport Noise Control and Land Use Compatibility (ANCLUC) maps of any public airport;
3. The boundaries of the Air Installation Compatibility Use Zone (AICUZ) of any military airport, as officially designated by military authorities; and
4. The anticipated inundation areas designated on the Department of Defense's Civil Defense Tsunami Inundation Maps.

The bill also exempts property rented or leased for one year or less, provides enforcement provisions under the Office of Consumer Protection, and requires the respective counties to prepare and provide to the public a map which includes the four designated areas.

Your Committee finds that, as important as the above designations are when considering the purchase of real property, such information has not been readily available to the consumer. This bill would ensure that prospective buyers or lessees are aware of some of the nuisances or possible hazards to which they may be exposed prior to making a decision to acquire an interest in real property in the State.

Your Committee's intent is that nothing in this measure shall preclude any person who sustains damages as a result of a violation of this proposed chapter from bringing an action to recover damages or obtain other appropriate relief.

Your Committee has amended the bill by adopting the suggestion of the Real Estate Commission that the Office of Consumer Protection, the enforcement agency of this bill, shall be required to report to the Commission any real estate broker or salesman who violates this measure. The Commission, through the Regulated Industries Complaints Office, may then proceed with possible disciplinary action against the licensee.

Your Committee has further amended this bill by providing that sections -1, -2, and -4 of the proposed new chapter would have an effective date of September 1, 1987. Section -3 of the proposed chapter would be effective upon approval to provide for the adoption of rules by the Office of Consumer Protection prior to the enactment of the balance of the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 870, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 870, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Fernandes Salling, Nakasato and Ikeda.

SCRep. 500 Consumer Protection and Commerce on S.B. No. 1001

The purpose of this bill is to make various amendments to the pest control operator law.

This bill would modify statutory definitions to make them consistent with current pest control terminology; require a licensee applicant to demonstrate a good reputation for honesty, truthfulness, financial integrity, and fair dealing; allow the Board to require financial statements from applicants for licensure; expand appellate procedure when licensure is denied; and increase the penalty provisions of the statute.

Representatives of the Hawaii Pest Control Association and the Pest Control Board testified in support of the bill and suggested amendments for clarification purposes.

Upon review of the bill and the supporting testimony, your Committee made the following amendments:

- 1) Page 3, line 20, deleted "good reputation for" and replaced the phrase with "history of," to avoid similarity with the judicially suspect "good moral character" qualification for licensure.
- 2) Page 5, lines 10 to 15 reworded for purposes of clarity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1001, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1001, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Fernandes Salling, Nakasato and Ikeda.

SCRep. 501 Consumer Protection and Commerce on S.B. No. 545

The purpose of this bill was to promote the public interest by promoting the availability of long-term care insurance, protecting applicants therefor from unfair and deceptive sales and enrollment practices, and establishing standards for long-term care insurance.

Your Committee received testimony from the President, Hawaii Association for Home Care, the Director, Department of Social Services and Housing, the Insurance Division, Department of Commerce and Consumer Affairs, and the President, Healthcare Association of Hawaii. The testimonies uniformly supported the bill and its objectives, and offered suggestions for strengthening and clarifying its language.

Your Committee finds that this bill would encourage the marketing of long-term care insurance, which is assuming an increasingly important role in society as the median age rises. In extension of its concern that the bill provide flexibility to allow for home care, your Committee made amendments to stress that aspect and accomplish related purposes:

- 1) Page 4, line 10: After "hospital" added the phrase "including a covered person's home or residence."
- 2) Page 5, lines 6 and 9: Deleted the phrase "or nursing home."

- 3) Page 6, line 17: Deleted all the language on the page after the phrase "health care services," and on page 7, deleted lines 1 and 2.
- 4) Redrafted the language continued in the prior institutionalization section and retitled the section "prior hospitalization".
- 5) Replaced "ten" with "thirty" days to allow for a more reasonable time frame to return a policy.
- 6) Inserted a new section containing the following language:

"Nothing in this bill shall limit or restrict the sale or offering for sale in this State of insurance which provides long-term care benefits in noninstitutional settings, including a private residence."

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 545, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 545, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Fernandes Salling, Nakasato and Ikeda.

SCRep. 502 Consumer Protection and Commerce on S.B. No. 1288

The purpose of this bill is to allow the Real Estate Commission to invest and reinvest the moneys in the real estate education fund.

Under current law the Commission may invest the real estate recovery fund in the same manner as the funds of the retirement system but cannot invest the real estate education fund.

Your Committee received testimony from the Real Estate Commission in support of this bill and finds that the real estate recovery fund is dependent on the number of new licensees and that the earnings of this fund are placed in the education fund. Due to the cyclical nature of new licensees, your Committee believes that the education fund should be provided with the opportunity to increase its size through proper investment and not be dependent on the recovery fund.

Upon consideration of the testimony received from the Commission that it is difficult to maintain an effective real estate education program with contract workers, your Committee has amended the bill to provide the Commission with the means to hire more personnel out of the moneys in the education fund not subject to Chapters 76 and 77, Hawaii Revised Statutes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1288, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1288, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Chang, Fernandes Salling and Kuroda.

SCRep. 503 Health on S.B. No. 1732

The purpose of this bill is to amend the schedule of controlled substances in accordance with federal law and to allow for the forfeiture to the State of real property seized in connection with illegal drug activities.

Specifically, the bill includes hallucinogenic substances within schedule II and the substances midazolam and quazepam to schedule IV. The bill would also authorize the State to keep real property which has been seized in connection with illegal drug trafficking. Currently, this kind of seizure may only be made pursuant to federal law and the property inures to the federal government.

Your Committee received supporting testimony from the Director of Health and the Honolulu Police Department and finds that the updating of the schedules of controlled substances is necessary in order to conform Hawaii's statutes with federal law. With respect to forfeiture, it is your Committee's finding that the State should have the authority to keep property seized in connection with illegal drug transactions in cases where the State or local authorities investigated the case and otherwise did the work necessary to obtain conviction.

Your Committee has amended the bill by making technical changes which have no substantive

effect.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1732, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1732, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 504 Health on S.B. No. 985

The purpose of this bill is to enable the Department of Health to adopt rules necessary to provide appropriate hepatitis B screening of pregnant women, including reporting and follow-up procedures for newborns of hepatitis B carrier mothers. The bill would also authorize the Department to provide medication and treatment of newborns of indigent and medically indigent carrier mothers.

Your Committee heard supporting testimony by the Director of Health, Hawaii Medical Association, and Dexter S. Y. Seto and Arwin R. Diwan of the John A. Burns School of Medicine and finds that hepatitis B is a serious community problem. Screening of pregnant women is a logical and appropriate step towards combating this disease, and the information gathered will allow proper follow-up and treatment of their newborns.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 985 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 505 Health on S.B. No. 374

The purpose of this bill is to establish a statewide medical examiner system.

Currently, autopsies may be performed by a coroner or a coroner's physician who may not be specifically qualified in that field. This bill would require all autopsies to be done by an anatomic or forensic pathologist certified by the American Board of Pathology. It also authorizes neighbor island pathologists to call on the forensic pathologists with the City and County of Honolulu to aid in complex or important cases.

Your Committee received supporting testimony from the Hawaii Medical Association and finds that this measure would help ensure against improper or incorrect diagnoses and would further protect the public from harmful results of inadequate autopsies.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 374 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 Health on S.B. No. 988

The purpose of this bill is to provide an alternative means by which a list of candidates to fill a vacancy on a service area board may be established.

Under current law, a mental health service area board vacancy is filled by appointment made by the governor on the basis of a list of candidates drawn up by the board. However, some of the boards have had difficulty establishing a quorum necessary to develop such a list. This bill would allow the board, in such a case, to establish a recommendation panel out of its own members willing to participate and other area residents they may choose.

Your Committee heard supporting testimony by the Director of Health and finds that this bill would provide an appropriate method by which community participation in the nominating process would be preserved, and would assist in maintaining board continuity through participation of remaining board members in the process.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 988 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 507 Health on S.B. No. 109

The purpose of this bill is to make it unlawful to sell or furnish tobacco to minors under age

eighteen.

Under current law, tobacco may be sold to anyone age fifteen or older.

Your Committee received testimony in support of this bill from the Director of Health, the American Cancer Society, and the Hawaii Public Health Association, and finds that the earlier a person begins to smoke as a teenager, the less likely that person is to quit as an adult and the more likely that person is to be a heavy smoker subject to increased risk of cancer and other serious diseases.

Your Committee also finds that smoking at an early age bears a strong relationship to subsequent mortality from all major smoke-related diseases. In addition, your Committee notes that out of all the states with age prohibitions regarding sale of tobacco, Hawaii is the only one that allows sales to fifteen year olds.

Your Committee finds that smoking is dangerous to the health and should be discouraged and prohibited wherever possible. To prohibit the sale of tobacco products to school children is proper and consistent with your Committee's efforts to protect the public health.

Your Committee has amended the bill by clarifying that tobacco includes chewing tobacco and snuff. Your Committee has also amended the bill by providing that it shall likewise be unlawful for a minor under age eighteen to purchase or otherwise assume possession of tobacco, because your Committee believes that the customer should share responsibility with the seller if the transaction is illegal. The title of section 445-212, Hawaii Revised Statutes, has been amended to reflect this change.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 109, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 109, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 508 Health on S.B. No. 350

The purpose of this bill is to protect the public health by requiring employers to adopt smoking policies that accommodate the preferences of non-smokers and smokers alike.

Under this bill, every employer who has three or more employees would have to find an accommodation between smokers and non-smokers in each affected work place. Failing that, the employer would have to adopt a policy reflecting the preference of a simple majority in each work area. Employers who already have no smoking policies would not be affected.

Your Committee heard substantial testimony in favor of this bill and finds that smoking is dangerous not only to smokers but also to others who must breathe secondhand smoke in confined areas. Your Committee also finds that it is consistent with your Committee's efforts to protect the public health, and not inconsistent with principals of civil liberty and personal right of choice, to allow those affected to decide for themselves whether smoking should be prohibited or permitted. However, your Committee also finds that it is inappropriate for the State to interfere with privately owned and operated business concerns. Therefore, your Committee has amended the bill as follows:

- (1) Narrowed the scope to include only government offices of the State and the various counties;
- (2) Added a definition of "simple majority" to mean any number greater than half of the persons expressing a preference in any specific work area;
- (3) Deleted the definition of "person";
- (4) Deleted private homes which may serve as office work places, from the list of places where smoking is not regulated;
- (5) Provided that the governor or a mayor, as the case may be, may be called upon to enforce compliance of the chapter;
- (6) Provided that any person may be subject to the penalty for violating the chapter; and
- (7) Provided that any member of the general public may call upon the department of health to enforce any violations of the chapter.

Your Committee on Health 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 placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 509 Government Operations on S.B. No. 727

The purpose of this bill is to allow the liquor commission to withhold a license renewal when complaints from the public and reports from the commission's inspectors indicate that noise created by patrons departing from a licensed premise disturbs residents of that neighborhood, until corrective measures meeting the commission's approval are taken.

Current statutory language only permits the commission to consider noise that exceeds state or county noise or vibration codes. The noise created by the of yelling of patrons and tire screeching is not adequately addressed by those codes.

Your Committee amended the bill by deleting suggested corrective measures that a licensee could be required to undertake by the commission thereby leaving the appropriate corrective measures to the determination of the liquor commission on a case by case basis.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 727, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 727, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 510 Government Operations on S.B. No. 979

The purpose of this bill is to eliminate the contract bond requirement for price-term, open-end, or requirements contracts if the amount to be paid to the contractor cannot be accurately estimated at the time the contract is to be awarded.

Current law provides that bonds are required in all contracts to insure the full and faithful performance of the contract. This provision is unworkable in contracts where there is no specified quantity of goods over a defined period of time.

The department of accounting and general services testified in support of this bill on the grounds that the State has sufficient control over non performing contractors and the present difficulty in obtaining bonds in today's market.

Your Committee has amended the bill on page 1, line 13 by deleting the word "accurately".

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 979, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 979, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 511 Health on S.B. No. 630

The purpose of this bill is to provide a uniform statewide code to regulate smoking in public places.

Under this bill, smoking would be prohibited in the following places:

- (1) Elevators open to the public;
- (2) Hospital rooms, wards, waiting rooms, lobbies, and hallways, not including private rooms and semiprivate rooms where there is no objection;
- (3) Restaurants, in nonsmoking areas which must be designated unless the establishment prohibits smoking altogether;
- (4) Rooms used for public entertainment;
- (5) Museums, libraries, and galleries;
- (6) State or county government rooms used by the public;

- (7) Public areas in banks, credit unions, industrial loan companies, retail stores, and savings and loan associations;
- (8) Public restrooms;
- (9) Occupied taxicabs; and
- (10) Any other area open to the public which has been designated by the person in charge as a no smoking area.

Your Committee heard supporting testimony from the Director of Health and others and finds that smoking is dangerous to the health not only of smokers but to nonsmokers who have to breathe secondhand smoke in confined spaces. Your Committee also finds that the kind of protection afforded to nonsmokers by this bill is already available to citizens in two counties in the State. This bill would extend such protection to everyone in the State and is therefore consistent with your Committee's efforts to protect the public health.

Your Committee has amended the bill as follows:

- (1) Deleted the definition of "bar";
- (2) Redefined "restaurant" to exclude from the definition those restaurants with a seating capacity of fifty or fewer patrons. The bill as introduced excluded those restaurants with a seating capacity of thirty or less;
- (3) Deleted "and services" from the definition of "retail store";
- (4) Deleted the material relating to prohibition of smoking in an establishment which is both a restaurant and a bar;
- (5) Deleted the provision requiring the host or hostess of a restaurant to inquire as to a customer's smoking or nonsmoking seating preference;
- (6) Excluded retail stores of less than 5000 square feet of floor space from regulation under the chapter;
- (7) Increased the maximum fine from \$5 to \$20;
- (8) Replaced references to county authorities with references to duly authorized governmental officers and employees with respect to those authorized to enforce the chapter; and
- (9) Changed the effective date of the Act to ninety days after its approval.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 630, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 630, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 512 Corrections on S.B. No. 454

The purpose of this bill is to require the Department of Social Services and Housing (DSSH) to enforce payment of restitution orders by incarcerated prisoners.

Present laws require that moneys earned by prison inmates on work furlough go toward satisfying their restitution obligation but there is no similar requirement for convicted persons confined to a correctional institution.

Your Committee received supporting testimonies from the DSSH and the Department of the Prosecuting Attorney, Victim/Witness Kokua Services. Testimony from the Victim/Witness Kokua Services indicates that the current law has been used by some inmates as a rationale for requesting release into work furlough. Other inmates, however, view incarceration as a means of hiding from responsibility, in particular their obligation to repay the victim for losses caused by the inmates' actions. It was also stated that it is reassuring to many victims that the offender is being required to pay as a way to accept responsibility for their actions. Further, the anticipated development of prison industries is likely to make additional income available from where more sums could be utilized to satisfy restitution requirements.

There are also some important positive effects that restitution repayment have on the

inmate. The criminal, according to the victim/witness services, may develop a degree of self-respect and pride in knowing that he or she has righted the wrong committed.

Your Committee, upon consideration of this bill and review of all testimonies, concurs with the testimony from the Victim/Witness Kokua Services and finds that restitution can serve a salutary purpose in a penal setting.

Your Committee also adopted the recommendations from the DSSH and amended the bill in section 1 by providing that "the payment to the victim should be made once a year based on the prisoner's annual income including any interest earned thereon". Otherwise, there may be requests for payments on a weekly or monthly basis as income is earned.

Your Committee further amended section 1 to add that this section shall not apply to inmates released on work furlough pursuant to Section 353-22.5, Hawaii Revised Statutes.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 454, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 454, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 513 Ways and Means on S.B. No. 321

The purpose of this bill is to make housekeeping and technical corrections to Act 306, Session Laws of Hawaii 1986, which exempts amounts received for the sale of prescription drugs and prosthetic devices from the general excise tax.

Specifically, the definition of "prescription drug" has been clarified to clearly include sales of drugs by licensed practitioners and the definition of "prosthetic device" was expanded and clarified to include sales by a dealer of prosthetic devices and any replacement parts subsequently purchased for the device. Your Committee believes that enactment of this bill will ensure greater taxpayer compliance with the general excise tax law.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 321, 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. 514 Ways and Means on S.B. No. 471

The purpose of this bill is to provide the comptroller with explicit authority to manage, maintain, improve, redevelop, and reduce the number or size of state-owned cemeteries.

Although the department of accounting and general services is responsible for the four public cemeteries owned by the State, no legislation has been enacted nor have any appropriations been made to provide the department with the powers or funds necessary to discharge its responsibility. This bill provides the comptroller with the necessary statutory authority and funds.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 471, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 515 Judiciary on S.B. No. 1139

The purpose of this bill is to propose an amendment to Article II, Section 1 of the Constitution of the State of Hawaii to eliminate the one-year residency requirement for voting.

Your Committee heard testimony from the Office of the Lieutenant Governor regarding a United States Supreme Court case which effectively made the one year residency requirement unconstitutional. Since that case, the residency requirement has not been enforced although the wording has remained in the State Constitution.

Your Committee finds that this is basically a housekeeping measure which will bring our State Constitution in line with the ruling of the U.S. Supreme Court.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1139 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 516 Ways and Means on S.B. No. 1190

The purpose of this bill is to require, as a condition of any contract with the department of planning and economic development, that the Hawaii Visitors Bureau establish and maintain a data base marketing revolving fund. All revenues from the sale of its data base materials are to be deposited in the fund and shall be used to defray the cost of its data base marketing program.

The data base marketing program provides the Bureau and the visitor industry valuable marketing information which can be used to more effectively promote tourism in Hawaii. Your Committee agrees with the Committee on Tourism that the creation of a revolving fund as proposed by this bill would encourage the recovery of the program's costs as well as provide additional funds which can be used for the improvement and expansion of the program.

Your Committee has made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1190, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1190, S.D. 2.

Signed by all members of the Committee.

SCRep. 517 Ways and Means on S.B. No. 1747

The purpose of this bill is to transfer state planning functions from the Department of Planning and Economic Development to the Office of the Governor through the establishment of an Office of State Planning in the Governor's Office.

Since 1963, when the Department of Planning and Research and Department of Economic Development were merged to create the present Department of Planning and Economic Development, there has been recurring debate over the appropriateness of the consolidation of the State's planning and business development and promotion functions. However, recent years have witnessed a persistent and growing concern with this arrangement. While beneficial in some respects, the linking of planning and economic development has tended to compromise the integrity of both functions.

Your Committee finds that transferring and centralizing the State's planning and program coordination functions in the Governor's Office would not only serve to enhance the effectiveness of the State's planning process and strengthen the Governor's management capability but would also result in the reestablishment of the Department as an agency solely devoted to and accountable for promoting economic diversification and growth. The latter was viewed as vital to enable the Department to provide the type of aggressive, focused, and proactive attention necessary to capitalize on emerging business and industrial development, promotion, and marketing opportunities. Your Committee finds that separation of planning and economic development activities in this manner is appropriate and timely.

Your Committee also finds that all employees transferred under the bill should not only be provided the opportunity to retain their civil service status, but also be placed in civil service positions so as to insure professional continuity, career development, and job security in the exercise of their planning responsibilities. The bill ensures that all affected officers and employees under this Act will be transferred to permanent civil service positions without loss of civil service status or tenure, and also provides for the appointment of a professionally qualified individual to head the Office of State Planning.

This bill also ensures that functions related to the collection, analysis, and dissemination of statistical information currently performed by the Department of Planning and Economic Development will be maintained by the Department, and clarifies the involvement of the Office of State Planning with other statutorily based programs and activities.

Your Committee heard supporting testimony from the Department of Planning and Economic Development and has amended the bill based on the Department's recommendations to appropriate \$115,000 to implement this measure and rename the "Department of Planning and Economic Development" as the "Department of Business and Economic Development".

Your Committee has also made technical, nonsubstantive amendments to the bill for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No.

1747, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1747, S.D. 2.

Signed by all members of the Committee.

SCRep. 518 Ways and Means on S.B. No. 735

The purpose of this bill is to make a \$100,000 general fund appropriation for the support of the 1990 America's Cup yacht race in Hawaii waters.

Testimony has been unanimous in favor of this bill. Testifiers all have pointed to the positive economic benefits which will accrue to the State by hosting the America's Cup race.

Your Committee agrees with the testimony and has amended this bill to emphasize the State's commitment to hosting the race. Language has been inserted which requires \$2.5 million from the proceeds of the transient accommodations tax in each of the fiscal years 1987-1988 and 1988-1989 to be placed in a separate account in the general fund for expenditures necessary to host the America's Cup. The amount in the separate account is to be subject to legislative appropriation. Your Committee does not intend that the amount in the account be the sole moneys which may be expended for hosting the America's Cup. If additional amounts for reasonable expenditures are necessary and deemed affordable, your Committee intends to make sufficient appropriations.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 735, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 735, S.D. 2.

Signed by all members of the Committee.

SCRep. 519 Ways and Means on S.B. No. 1734

The purpose of this bill is to authorize the department of health to regulate adult foster homes for the developmentally disabled requiring such care beyond the eighteenth birthday.

This bill provides the means for developmentally disabled individuals to remain with their foster families upon reaching age eighteen and permits other developmentally disabled adults to be placed in adult foster homes as a community-based residential alternative. An appropriation of \$37,000 is provided to the department of health to regulate adult foster homes during the 1987-1988 fiscal year.

Act 328, Session Laws of Hawaii 1986, provided for a one year provisional certification of adult foster care homes and a study. The study recommends the establishment of adult foster homes, and this bill would implement that recommendation.

Your Committee finds that most developmentally disabled minors currently in child foster homes will need adult foster care upon reaching eighteen years of age and that developmentally disabled adults who are not in foster homes may need foster care placement in the future. The key element to successful care of developmentally disabled individuals is continuous care and positive relationships with the foster family which would be jeopardized without this measure.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1734, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 520 Ways and Means on S.B. No. 1748

The purpose of this bill is to increase the annual registration fees for those vessels covered under section 267-11, Hawaii Revised Statutes.

Your Committee finds that the Department of Transportation has not raised these fees since 1977. Furthermore, your Committee is aware that the revenues collected under the current rate structure are inadequate to cover the expenses associated with administering the vessel registration program such that funds have been diverted from other boating programs to cover the deficits that have resulted.

The Federal Boat Safety Act of 1971 authorizes the State to establish vessel registration fees to cover the cost of administering the vessel registration program. This bill will provide the necessary increase in fees to cover these costs.

Your Committee has amended this bill by changing the certificate fee of:

- (1) Vessels less than twenty feet long to \$10; and
- (2) Vessels twenty or more feet long to \$30.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1748, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1748, S.D. 1.

Signed by all members of the Committee.

SCRep. 521 Ways and Means on S.B. No. 972

The purpose of this bill is to change the excise tax on fuel oil purchased by electric utilities for the generation of electric energy, and on the liquid petroleum gas purchased by producers of gas energy for the production of gas energy, and on the purchase of fuel purchased by producers of steam and electric energy for the production of steam or the generation of electric power from the retail sales rate of four per cent to the wholesale rate of one-half of one per cent. The recipient of the lower tax rate will be a public utility or a supplier of electric energy to the public under the jurisdiction of the public utilities commission.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 972, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 522 Ways and Means on S.B. No. 1317

The purpose of this bill is to create a rental housing revolving fund under chapter 359G, Hawaii Revised Statutes.

The bill provides that all funds appropriated to and all moneys received or collected by the Hawaii housing authority for rental housing, and funds from the dwelling unit revolving fund be deposited into the rental housing revolving fund. It provides further that proceeds from the rental housing revolving fund may be used for the necessary expenses in administering and carrying out a rental housing program including the development of rental projects, especially those for the elderly.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1317, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 523 Ways and Means on S.B. No. 35

The purpose of this bill is to permit the expansion of foreign bank operations in the State of Hawaii. Under this bill foreign banks would be subject to the same state regulation, examination, and restraints as are other Hawaii financial institutions. The bill also establishes a temporary commission charged with the responsibility of developing and implementing a promotional program to encourage the establishment of offices in Hawaii of foreign banks.

Your Committee amended this bill by inserting \$100,000 in the appropriation section where the amount had been left blank for fiscal year 1987-1988.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 35, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 35, S.D. 1.

Signed by all members of the Committee.

SCRep. 524 Health on S.B. No. 991

The purpose of this bill is to enable the Department of Health to investigate violations of the rights of psychiatric patients and to provide a penalty for obstructing an investigation.

At the present time, the law lists twenty-six rights which are granted to patients in psychiatric facilities. When a patient makes an allegation of a rights violation, the Department is required by law to investigate and report back to the patient within thirty days. However, as the statute now stands, the Department has no investigative powers and thus lacks the means to

carry out investigations if the psychiatric facility and its staff refuse to cooperate. This bill would give the Department investigative authority similar to that currently enjoyed by the Ombudsman.

Your Committee received testimony from the Director of Health strongly supporting this bill, and finds that the Department needs the authority provided by this measure if it is to be able to effectively carry out its responsibilities relating to investigation and enforcement of psychiatric patient rights violations.

Your Committee has amended the bill to provide that a Department inspector may enter a psychiatric facility without prior notice only if the inspector furnishes written Department authorization for such entry to the person in charge of the facility.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 991, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 991, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 525 Corrections on S.B. No. 1530

The purpose of this bill is to amend the laws of the State of Hawaii.

Your Committee amended this short form bill to restrict access to all state correctional facilities.

Your Committee, upon consideration of supporting testimony received in response to S.B. No. 229, "Relating to Kulani Correctional Facility", which would have restricted access only to the Kulani Correctional Facility, finds that this basic concept should be expanded to include all correctional facilities in the State and has therefore amended this bill accordingly.

The bill requires persons seeking access to any facility to first obtain permission from the facility administrator. The administrator would have the flexibility to delegate this authority to subordinates.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 1530, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1530, S.D. 1, and be placed on the calendar for Second and Third Readings.

Signed by all members of the Committee.

SCRep. 526 Labor and Employment on S.B. No. 314

The purpose of this bill is to add secretaries of excluded managers and administrators to the list of positions excluded from collective bargaining under Chapter 89, Hawaii Revised Statutes.

Your Committee finds that this bill will more clearly identify those positions that are intended to be excluded from collective bargaining coverage and thus will help to reduce misunderstanding and non-productive, costly disputes.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 314 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 527 Labor and Employment on S.B. No. 1718

The purpose of this bill is to exempt from civil service coverage positions which the Governor is authorized to establish and place in program areas pursuant to a general appropriations act.

Your Committee finds that government services to the public will be enhanced by providing the Governor with the flexibility to hire the best trained, skilled and creative individuals within or without the civil service system.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1718 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 528 Labor and Employment on S.B. No. 1387

The purpose of this bill is to permit members of the Employees' Retirement System to recover their attorney's fees when the member prevails on appeal.

Currently the law is silent on the issue of attorney's fees for contested Employees' Retirement System decisions. However, in Workers' Compensation Law, if an employer appeals the decision of the Director of Labor and Industrial Relations or the Appellate board, the costs of the proceedings together with reasonable attorney's fees are assessed against the employer if the employer loses.

Your Committee received supporting testimony from the Hawaii Government Employees Association and finds that since most employee-appellants require legal representation in appeal proceedings it is equitable that they should be allowed reasonable attorney's fee, if they prevail on appeal.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1387 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 529 Labor and Employment on S.B. No. 1745

The purpose of this bill is to change the date on which the Department of Labor and Industrial Relations determines the increases or decreases in medical fees as published in the Workers' Compensation Medical Fee Schedule.

Currently, these adjustments are based on the Consumer Price Index for the Honolulu region prepared by the Bureau of Labor Statistics of the United States Department of Labor.

Your Committee received testimony in support of this bill from the director of the Department of Labor and Industrial Relations and finds that beginning January 1987, the Bureau of Labor Statistics is adjusting the index semiannually instead of bimonthly. It further finds that this bill will change the effective date to June 30 to coincide with the reporting period under this new procedure.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1745 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 530 Labor and Employment on S.B. No. 261

The purpose of this bill is to provide protection to employees in the private and public sectors who report suspected violations of law from any form of retaliation by their employers.

The bill bars discharge, discrimination and other forms of adverse action which would deter citizens from participating in investigations by various branches of government as well as governmental agencies.

Your Committee, upon consideration, made the following amendments which are appropriate to reconcile this measure with the existing common law and collective bargaining laws:

- (1) Added a new section entitled "Conflict with common law, precedence" to insure that the common law tort prohibiting discharges of employees which are against public policy is not superseded by this Act.
- (2) Added subsection (b) to section -6 which provides that if a collective bargaining agreement provides better protection than this bill, the contractual rights, remedies and procedures should prevail. Where, however, collective bargaining contract provisions are inferior to rights, remedies and procedures under this measure, the provisions of this bill shall prevail.
- (3) Deleted subsection (d) in the proposed section -3 because the burden of proof existing by custom and practice in the labor-management field in discharge cases should apply.
- (4) Added a severability clause.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 261, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 261, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 531 Labor and Employment on S.B. No. 306

The purpose of this bill is to facilitate the collection of outstanding overpayments of benefits by the department of labor and industrial relations.

This bill permits the department to recoup benefits paid erroneously under the Hawaii unemployment insurance law from benefits payable to claimants under another state or federal unemployment compensation program, and removes the current two-year statute of limitations for the repayment or offset of overpaid benefits.

The Omnibus Reconciliation Act of 1985 allows the states to withhold state and federal unemployment benefits payable in one state to offset overpaid state and federal unemployment benefits in another state upon written agreement with the Secretary of Labor. The offset provisions would apply only to states that participate in the recoupment program. Currently federal benefits cannot be used to offset overpayments made under state unemployment insurance programs. Further, there is no consistent program to assist in the collection of overpaid benefits in other jurisdictions.

In addition, recovery of overpayments will be enhanced by amending the existing statute that limits the time period for the recovery of benefits overpaid. By eliminating the statutory restriction for recovery of benefits paid, a deterrent in the department's recoupment efforts will be removed.

Participation in the recoupment initiative and the removal of the two-year statute of limitations for deduction of repayments from future benefits enables the department to assist other states in their recovery efforts. Reducing the amount of outstanding overpayments will also enhance the solvency of the unemployment insurance trust fund and the integrity of the program.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 306 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 532 Labor and Employment on S.B. No. 1740

The purpose of this bill is to limit a public employee's state or county retirement credit while serving in the military service to two years and to allow the credit only for members who enter military service involuntarily or in time of war or declared national or state emergency.

Currently, under Section 88-132, Hawaii Revised Statutes, a member of the Employees' Retirement System who leaves state or county employment to enter military service is given retirement credits for the period of military service. During this period the state or county employer is required to pay all contributions payable to the retirement system by the employer and member.

For members who enter the military service for set periods, the entitlement under Section 88-132 terminates ninety days after the period for which the member entered the military forces. However, if a member enters the military service for an indefinite period, the member would accumulate retirement credits for the entire period of service and the state or county employer would be responsible for all payments to the retirement system.

Conceivably, a member, after brief service with the state or county, could enter the military service for the rest of his or her working career and upon termination of military service collect a retirement allowance from the retirement system calculated on the full period of time in the military service without having contributed to the retirement system except for the period spent as a state or county employee.

This bill would prevent such an occurrence by limiting the entitlement under Section 88-132 to two years of military service and excluding members who voluntarily enter the military service.

Your Committee finds that this measure serves the public interest by extending benefits to

members called upon to serve in the armed forces while preventing windfall benefits from accruing to members who voluntarily pursue a military career.

Your Committee has amended the bill by making technical changes which have no substantive effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1740, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1740, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 533 Labor and Employment on S.B. No. 999

The purpose of this bill is to expand the circumstances of work separation under which an employee shall have the right to have the employee's name placed on a reemployment list.

Your Committee heard supporting testimony from the Director of Personnel Services and finds that this bill will clarify that a regular employee who is terminated because of non-work related injury and for whom there is no other available work that the employee is capable of performing, is entitled to have the employee's name placed on the appropriate reemployment list for a period of three years after the termination.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 999 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 534 Human Services on S.B. No. 1657

The purpose of this short form bill was to establish a Waianae Coast Coordinating Committee.

Your Committee amended this bill by adding substantive material relating to the findings and purpose and authorization sections.

Your Committee, upon review of this bill, finds that Hawaii may have progressed to a point where some decentralization of public-governmental functions may provide improved services to people more efficiently and economically.

Your Committee further finds that there is a need for a pilot project and that the Waianae Coast of Oahu should serve as the project demonstration area.

It is the intent of your Committee that a demonstration project will:

- (1) Foster better communication and cooperation among existing public, private, and not-for-profit programs;
- (2) Provide a personnel and equipment pool to strengthen the activities of existing programs;
- (3) Test the feasibility and need for a community-based planning and development staff; and
- (4) Develop and initiate discrete projects which are needed by the community.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1657, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1657, S.D. 1, and be placed on the calendar for Second and Third Reading.

Signed by all members of the Committee except Senator Menor.

SCRep. 535 Education on S.B. No. 303

The purpose of this bill is to clarify that students must take a tuberculin test prior to a student's entry to school.

Section 298-42, Hawaii Revised Statutes (HRS), prohibits a child from entering school unless the child has received required immunizations and taken a tuberculin test and Section 298-43, HRS, provides for a three month provisional entry into school for a child who is in the process

of receiving the required immunizations. No mention is made in Section 298-43 of the provisional entry applying to the failure to take the tuberculin test. However, Section 298-49, HRS, which pertains to notification to parents of noncompliance within the three month provisional period refers to the immunizations and the tuberculin test, thereby implying that a child may enter school for three months without taking the test. This bill amends Section 298-49, HRS, to delete reference to the tuberculin test in that section in order to clarify that a child will not be admitted to a school without taking the tuberculin test.

The department of education testified that the tuberculin test must be taken prior to a student's entry to school. Therefore, students should not have a three-month period after provisional entry into school to complete this requirement as they do for the required immunizations.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 303 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 Education on S.B. No. 625

The purpose of this bill is to create a task force to advise the legislature on the advisability of establishing a teacher certification board for public school teachers.

The establishment of standards for teacher qualifications and certification and the assurance that these standards are being met are gaining favor as communities and teacher groups seek ways to improve the educational systems. Your Committee believes that inasmuch as collegial certification and state licensure for teachers are relatively new concepts with potentially wide impact, the most appropriate means of studying their feasibility for Hawaii is the task force approach.

Your Committee has made several amendments to the bill. First, the task force will be assigned to the office of the governor for administrative purposes. Secondly, the representatives of the University of Hawaii, the department of education and the Hawaii state teachers association will be appointed by their respective leadership. This will provide for wider representation. And thirdly, the members of the task force will be reimbursed for travel and other necessary expenses. These amendments clarify responsibility for the task force and ensures that appropriate expenses are paid for by the State.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 625, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 625, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 537 Education on S.B. No. 915

The purpose of this bill is to establish a simple and fair process by which schools may admit students who reside outside their service areas.

Under present law and rules, children are restricted to their neighborhood schools unless the Department of Education grants a specific exception. Permission to go to other schools is entirely discretionary on the part of the department, and in the past, the State Ombudsman, parents, and others have reported numerous cases where in the denial of permission, the educational and social welfare of the child seems not to have been the paramount consideration.

This bill provides parents with the right of free choice of public schools for their children. This means that every parent or guardian can place their child in — or move their child to — any public school in the State as a matter of right. This will enable parents, who are unhappy with their child's school, to move the child to another school where the parent believes that the child will be happier and have a better chance of succeeding.

The right to free choice of public schools is conditioned only by the availability of space at the desired school and by the limitation that if a student transfers to another school without transferring residence, the student will not be able to participate in interscholastic athletics for one year. This latter provisions was included as a safeguard against the "raiding" of athletes.

By making the choice of schools a basic right for parents, your Committee has faith that parents know best whether their child is frustrated and unhappy at their present school and would be happier at another school. In providing this right to parents, the discretionary authority of the Department of Education is curtailed, but it is only the curtailment of the

authority to keep the child in an unhappy situation.

Your Committee, upon analysis of the issue, finds that this bill will not result in wholesale transfers of students throughout the school system. By and large, parents will continue to send their children to their neighborhood schools, and in all probability, only under urgent circumstances will parents exercise their right to send their children to another school.

It further finds that discerning and sensitive teachers have observed that where the parents and the child are unhappy with a classroom or school environment, the situation is often eased when the child goes to another school — to the benefit of all parties involved, including the child, parents, and teachers.

Your Committee has amended the bill by making technical changes to conform the bill to recommended drafting style.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 915, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 915, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 538 Education on S.B. No. 1218

The purpose of this bill is to provide transcription of instructional materials for handicapped students.

Presently, the Library for the Blind and Physically Handicapped (which is part of the Hawaii State Library System), is mandated to transcribe textbooks for the students of the department of education besides other handicapped persons who require materials in braille, large type or recorded forms. Permission must be secured from the publishers each and every time an individual student needs to have instructional material transcribed or reproduced into a media which the student can utilize.

Many times requests for permission to duplicate publications for the handicapped take a considerable amount of time to obtain, resulting in lengthy delays before the publications can be made available to handicapped persons. This bill would eliminate the need to obtain copyright clearance to transcribe textbooks and materials needed by handicapped students in their course of studies.

Your Committee received testimony from the Department of Social Services and Housing, the Department of Education, the Hawaii State Public Library System, the University of Hawaii's College of Arts and Sciences, the Commission on the Handicapped, the Hawaii Association of the Blind and the Aloha Council of the Blind and Visually Impaired in support of this bill.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1218 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 539 Judiciary on S.B. No. 65

The purpose of this bill is to permit the Family Court to disclose to victims, in certain instances, the court disposition in juvenile matters.

The bill provides for the disclosure of the court disposition to victims of offenses to person or property only upon written request of the party directly concerned. Under a strict reading of the existing language of section 571-84(g), Hawaii Revised Statutes, the court is mandated, pursuant to an order of the court or the Hawaii Family Court Rules to disclose the names and addresses of an adjudicated law violator and the violator's parents to the parties directly concerned after termination of the adjudication proceeding. The new language provided in this bill specifies the class of minors affected and that such disclosure be made upon written request.

Your Committee received testimony from the Senior Judge, Family Court, First Circuit, that there is currently no statutory authority for the court to disclose any information on minors who have not been adjudicated law violators and before the termination of these proceedings. The Family Court believes that the victim of a crime against the person or property is entitled to information on the action taken by the court on the alleged offender (e.g., informal adjustment, dismissal, or adjudication), regardless of whether the alleged offender is an adult or

a minor. The court also believes that this proposal attempts to balance the competing interests of the parties in these matters. Victims will be given specific information on the alleged offender, and the minor's right to confidentiality will be protected by selective and not public dissemination of this information.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 65 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 540 (Majority) Judiciary on S.B. No. 146

The purpose of this bill is to amend section 708-823, Hawaii Revised Statutes, to include the defacing of property, including by means of graffiti, as an offense of criminal property damage in the fourth degree, which is a petty misdemeanor.

Your Committee heard testimony that defacing property by committing graffiti has been on an increase. The members of your Committee are aware of this increase in their own communities and believe that this bill will give law enforcement officials the ability to curtail graffiti.

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.
Senator Chang did not concur.

SCRep. 541 Judiciary on S.B. No. 323

The purpose of this bill is to authorize the board of regents of the University of Hawaii to waive compliance with the oath of loyalty for aliens, casual and temporary employees, and student helpers employed by the university.

The intent of this bill is to reduce the need to bother the Governor with minor concerns and to enable the University of Hawaii to assume greater responsibility for the internal management of the university.

Under existing law, waiver of the oath of loyalty may be approved only by the governor. The University of Hawaii has testified that under current practice, the governor has approved on a case-by-case basis, waivers for foreign scholars who could not in good conscience or for political reasons sign the oath of loyalty without jeopardizing their status in their country. The governor has also approved blanket waivers for casual appointments of lecturers who teach courses of short term duration (approximately 2,000, annually), foreign personnel employed on a temporary basis, and student helpers (between 1,800 to 2,000 persons annually). This bill will enable the University to make hiring decisions promptly and expedite the payroll process.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 323 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 542 Judiciary on S.B. No. 574

The purpose of this bill is to require the financial disclosure statements of the state librarian, administrative director and deputy director of the courts, and administrator and assistant administrator of the office of Hawaiian affairs to be public records and available for public inspection.

Under current law, the financial disclosure statements of department heads and their deputies are public records and available for public inspection. The positions which are subject to this bill are comparable to department heads or deputies. Thus, your Committee finds that the proposal of this bill is justified on the grounds of consistency and equity in the application of the state ethics law.

Your Committee on Judiciary 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. 543 Judiciary on S.B. No. 609

The purpose of this bill is to enumerate additional types of property which may be ordered forfeited to the state if used in illegal gambling.

Your Committee expressly notes that real property is not to be considered an "implement" used for the purpose of "storing" illegal gambling material.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 609, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 544 Judiciary on S.B. No. 783

The purpose of this bill is to raise the penalty for the offense of "abuse of a corpse", from a misdemeanor to a class C felony.

The Honolulu Prosecuting Attorney testified the increase in penalty is warranted by recent criminal cases and because of their belief that abuse may occur for the purpose of depriving the police of evidence as to the identity of the victim or as to the cause of death.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 783, 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. 784

The purpose of this bill is to extend the time period applicable to the offense of gambling in the first degree from one day to seven days and to amend the offense of gambling in the second degree by adding the offense of advancing gambling to profiting from gambling.

Testimony in support of this bill was received from the Department of the Prosecuting Attorney, City and County of Honolulu, which stated that the one-day period is often difficult to prove and extending the time period would allow for more effective law enforcement. The Prosecuting Attorney also supported conforming the language of promoting gambling in the first and second degrees so that if evidence is not sufficient to prove the first degree offense, a defendant could be found guilty of the second degree offense.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 784 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator Chang did not concur.

SCRep. 546 (Majority) Judiciary on S.B. No. 785

The purpose of this bill is to allow the valuation of property or services in section 708-801, Hawaii Revised Statutes, to be either market value or replacement value, whichever is higher, and by raising the amount in subsection (3) to \$100. This brings the law into conformity with other sections of the penal code, and does not affect the classification of the crime.

Your Committee heard testimony supporting this bill because it allows an alternative method of valuing property for property crime offenses. Your Committee also heard testimony opposing the bill on the grounds that this bill will enable law enforcement officials to charge persons with higher grades of crimes based on the value of higher replacement cost because market value is too difficult to determine.

Your Committee does not intend to automatically give law enforcement officials authority to use whichever property value is higher in charging a person with a crime. The testimony in favor of the bill was that adding "replacement value" was necessary because market value of property which has been stolen or destroyed cannot be easily determined and is often nebulous. Your Committee does not believe law enforcement officials will cease using "market value", but will use "replacement value" only when the market value cannot be determined.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 785 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator Chang did not concur.

SCRep. 547 Judiciary on S.B. No. 791

Your Committee has amended Section 641-13(1), Hawaii Revised Statutes, by changing the word "information" to the word "complaint" in order to bring the statute on appeals in criminal cases into conformity with current practice.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 791 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 548 Judiciary on S.B. No. 799

The purpose of this bill is to expand the scope of the present nuisance abatement statute to include places where gambling and drug violations occur.

Your Committee believes law enforcement has been hampered because after arrests of persons engaged in illegal activities are made at certain locations, the owners or operators of the illegal activity return to the same location to continue their illegal activity.

Your Committee heard testimony that enforcement efforts to "close down" places of prostitution have been successful under the present nuisance abatement statute. Your Committee's intent is to extend this same effectiveness to places continually involved with gambling and narcotics.

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. 549 (Majority) Judiciary on S.B. No. 561

The purpose of this bill is to require the grand jury counsel to be present at the grand jury proceedings and require that the grand jury counsel advise the grand jury whenever the counsel determines it to be appropriate rather than to be limited to responding only to inquiries from the grand jury. The bill also set the term for the grand jury counsel at six months rather than the current one year.

Your Committee has amended the bill by providing for grand jury service for a six month period (rather than one year). This change was made to make it easier for people to serve on the grand jury and to maintain the objectivity and involvement of the grand jurors during their term of service.

Your Committee has further amended the bill by deleting the proposed change to a six month term of service for the counsel. There is no evidence that the service for the counsel has to be the same as the term of the grand jury.

Because the grand jury counsel provides only limited information under the current interpretation of the statutes, grand jurors are hampered in their deliberations. Your Committee supports strengthening the role of the grand jury counsel. This change is consistent with the intent of the 1978 Constitutional Convention regarding the role of the grand jury counsel.

A report received by your Committee indicated that grand jurors refrained from asking for information from the grand jury counsel because the counsel was rarely immediately available and long delays ensued before counsel appeared.

Currently, the grand jury counsel receives compensation for service whether or not the counsel is providing service to the grand jury, i.e., even when the counsel is engaged in the counsel's private practice. Despite testimony that requiring the presence of counsel during the grand jury's deliberation might cause a hardship on the counsel, your Committee notes that the counsel receives the same compensation as per diem judges or \$236 per day. Therefore, your Committee believes no hardship will be created for the grand jury counsel by requiring the counsel's presence in the grand jury room.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 561, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 561, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator Reed did not concur.

SCRep. 550 Judiciary on S.B. No. 856

The purpose of this bill is to amend section 842-3 and section 842-12 relating to organized crime. This bill mandates that a person who violates this chapter shall be sentenced to an indeterminate term of ten years imprisonment without possibility of suspension of sentence or probation.

As originally drafted, this bill also would have authorized the attorney general and the county prosecuting attorneys, in addition to the chiefs of police, to inspect the tax records of persons suspected of crime if they believe it could lead to information to be used in the investigation or prosecution of that crime.

This bill was amended by deleting the amendment to section 842-12 relating to inspection of tax records. Your Committee finds that the broad language of the amendments is unnecessary and notes that any valid inspection of tax records deemed necessary by law enforcement agencies can be accomplished by the current statute and by a properly issued search warrant.

Your Committee on Judiciary 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.

SCRep. 551 Judiciary on S.B. No. 575

The purpose of this bill is to amend the definition of "expenditure" under the state lobbying law to include that portion of an employee's salary or compensation paid to the employee for lobbying on behalf of a business, corporation, sole proprietorship, union, association, partnership, or other organization for which the employee works.

Under current law, companies and organizations which have their employees lobby for them as part of the employees' job duties are not required to report as lobbying expenditure that portion of compensation paid for the lobbying services. Expenditures for contracts with nonemployee lobbyists, however, are considered "expenditures" under the lobbying law and thus, reportable. Your Committee finds that this treatment is inconsistent, inequitable, and unjustified and should be rectified.

At least seventeen states have provisions of law similar to the proposal under this bill. Your Committee finds that Hawaii should emulate these states.

Your Committee has amended the bill to conform to accepted bill drafting style. The amendment is intended to be technical and nonsubstantive.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 575, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 575, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 552 Judiciary on S.B. No. 827

The purpose of the bill is to assess the costs of extradition against the defendant or petitioner returned to the State for criminal prosecution or post conviction proceeding.

Your Committee has amended the bill to provide that the costs of extradition are assessed in post conviction proceedings only.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 827, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 827, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 553 Judiciary on S.B. No. 781

The purpose of this bill is to substitute the term "law enforcement officer" for "peace officer" and clarify its definition.

The bill also creates two grades of offenses whereby it is a class B felony to impersonate a law enforcement officer while armed with a firearm, and a class C felony to otherwise

impersonate a law enforcement officer.

Your Committee has made technical, nonsubstantive amendments to conform to accepted bill drafting style.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 781, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 781, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 554 Consumer Protection and Commerce on S.B. No. 391

The purpose of this bill was to provide for the continued regulation of dispensing opticians until December 31, 1993 and to implement various changes in chapter 458, Hawaii Revised Statutes, which were recommended by the Legislative Auditor.

Specifically, the bill would do the following:

- (1) Delete chapter 458 from the chapter on professional corporations;
- (2) Require successful completion of the National Opticianry Competency Examination and the National Contact Lens Registry Examination as prerequisites to licensure, and eliminating the practical examination;
- (3) Provide that the Board of Dispensing Opticians is not authorized to prohibit licensed or certified dispensing opticians from advertising bonafide products, services, or skills;
- (4) Delete the provision requiring contact lens fitting to be done under the personal supervision of an optometrist or an ophthalmologist;
- (5) Delete the provision requiring a separate certificate for each address where the business is conducted;
- (6) Allow opticians to employ the services of ophthalmologists or optometrists; and
- (7) Differentiate between a license to engage in the occupation of dispensing optician and a certificate to engage in the business of dispensing optician.

Your Committee received testimony from the Board of Dispensing Opticians and the Hawaii Optometric Association, among others, and finds that there is sufficient reason to continue regulation of the practice of opticianry. An ill-fitted contact lens can cause irritation or excessive tearing, and an improperly dispensed pair of eyeglasses can cause images to be displaced. In addition, the consumer may not always be able to discern when lenses or frames are ill-fitting or the prescription is improperly dispensed. Your Committee finds that the most effective way of protecting the consumer is to ensure that all dispensing opticians possess the training, knowledge, and experience to do the job properly, and that they should be tested for competency before being allowed to practice in this State.

However, your Committee also finds the need to amend this bill in order to achieve its objectives, and has done so as follows:

- (1) Required that all applicants for license to engage in the occupation of dispensing optician meet at least one of the following requirements: (A) have at least the equivalent of a high school education and three years of work experience; (B) have graduated from an accredited opticianry school; or (C) have previously been licensed in another jurisdiction which required successful completion of the two national written examinations; and pass a practical examination. Your Committee notes that the statutes are currently silent on the matter of education or experience, although such are provided in the Board's rules, and finds that a practical examination would ensure the competency of the practitioner;
- (2) Retained the requirement that a separate application be submitted for each place of business, in order to assist the Board in enforcing compliance with laws and rules;
- (3) Added a new section to chapter 458 requiring opticians who dispense contact lenses to inform their clients in writing that they should return to the prescribing ophthalmologist or optometrist after being fitted, to ensure that the prescription was properly carried out;

- (4) Deleted the new language which would have limited the false advertising provision, in order to protect the consumer against fraudulent and deceptive advertising practices;
- (5) Clarified the distinction between a license to engage in the occupation of dispensing optician and a certificate to engage in the business of dispensing optician;
- (6) Provided that the effective date for the section on contact lenses be January 1, 1988, to give the Board sufficient time to prepare the necessary forms;
- (7) Extended the existence of the Board until December 31, 1990; and
- (8) Required the Board to meet a minimum of four times a year, and each member to attend at least half of the meetings or be removed, in order to ensure the ability of the Board to conduct essential business.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 391, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 391, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 555 Consumer Protection and Commerce on S.B. No. 568

The purpose of this bill was to amend two of the fifteen acts or conditions that can result in disciplinary action taken against a physician.

Specifically, the bill would amend section 453-8(a)(7), Hawaii Revised Statutes, by changing the term "gross carelessness" to "gross negligence" as a ground for discipline, and by replacing the term "negligence or incompetence" with "incompetence", in section 453-8(a)(8).

Your Committee received testimony from the Board of Medical Examiners and the Hawaii Medical Association and finds that there is a need to strengthen the grounds for discipline of physicians in order to further protect the public from malpractice and incompetence. However, your Committee is concerned about possible misinterpretation or misapplication of the provisions in the bill as introduced, and has therefore amended the bill by retaining the original language in paragraph (7) and by adding the phrase "or multiple instances of negligence" after the word "incompetence" in paragraph (8). Your Committee believes that these changes should resolve any ambiguity regarding your Committee's intent in this matter.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 568, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 568, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 556 (Majority) Consumer Protection and Commerce on S.B. No. 833

The purpose of this bill was to amend Section 431-643, Hawaii Revised Statutes (HRS), to prohibit insurers doing business in Hawaii from obtaining information from applicants regarding previous tests for the human immunodeficiency virus (HIV) antibody or requiring such tests for underwriting purposes.

Currently, there are no provisions or guidelines in the insurance laws that regulate the use of tests for acquired immune deficiency syndrome (AIDS), AIDS Related Complex (ARC), or for the presence of the HIV antibody.

Your Committee heard testimony in opposition to the bill from two Hawaii life insurance associations who stated that the insurers need to be able to secure information and to test for infection of the AIDS virus in the same way insurers test for any other medical conditions that affect mortality and morbidity. By preventing insurance companies access to this information violates a basic principle of fair classification of insurance risks and will ultimately increase costs for all insureds. They further stated that the insurance companies have always had access to the sensitive medical information of their clients and have a proven reputation of keeping that information confidential. Your Committee also received testimony from the State Insurance Commissioner and finds that insurers must be able to accurately predict the risks they undertake and to do otherwise may invite insolvency.

On the other hand, your Committee also believes that requiring HIV testing prior to underwriting health and life insurance policies could be discriminatory and may lead to a breach of an individual's right to privacy.

Your Committee, upon consideration of all the testimonies received believes that a balance must be reached in order to provide the needed information to the insurers while continuing to provide for the privacy of individuals.

Your Committee has accordingly amended the bill to provide that insurers cannot deny or terminate coverage based solely on the individual's having taken an HIV test and refusing to release such confidential test results but providing that the insurer may utilize the test results if consented to by the applicant for insurance.

Your Committee has also amended the bill by mandating the Insurance Commissioner to adopt rules to regulate the use of test for AIDS, ARC, or for the presence of the HIV antibody for underwriting purposes, and to provide that this measure shall be repealed after two years from its passage.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 833, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 833, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator Ikeda did not concur.

SCRep. 557 (Majority) Consumer Protection and Commerce on S.B. No. 1002

The purpose of this bill is to require real estate brokers and real estate salesmen to attend continuing education seminars.

Under current law real estate brokers and real estate salesmen are not required to take continuing education seminars.

This bill would require a licensee to attend ten hours of continuing education during the two year period prior to an application for renewal of a license. Failure to satisfy the education requirement would result in automatic "inactive" status for the licensee.

Your Committee received testimony from the Real Estate Commission in support of this bill and finds that mandatory continuing education will help to ensure the public of the competency of licensees.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1002 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator Chang did not concur.

SCRep. 558 Consumer Protection and Commerce on S.B. No. 1031

The purpose of this bill was to provide recourse for purchasers of computers which had been altered prior to sale so as not to conform with the original manufacturer's express warranties.

Under this bill, the seller, in such a circumstance, would provide a warranty that the computer or computer system is merchantable. The term of such warranty would be twice the period of the original manufacturer's warranty before the alteration was made, and the duration of the seller's warranty would include any periods in which the computer or computer system is being repaired.

Your Committee heard substantial testimony by computer retailers claiming that the bill, as introduced, would make them responsible for an extended warranty which would cut into their profits and raise the price of computers to all customers.

Your Committee, on the other hand, believes that there is a real need to protect the consumer in cases where express warranties have expired while the computer is still under repair. Therefore, your Committee has amended this bill by deleting the contents and inserting material providing for express warranties of new computers and strict return and repair policies, substantially the same as the automobile "lemon law." Under this approach, a manufacturer or dealer would have to make the repair even after the expiration of the express warranties, or replace the computer with a new one if the same nonconformity has been subject to repair three or more times or the computer has been out of commission fifteen days or one-third the length of the warranties, whichever is less.

Your Committee believes that this action will afford a reasonable measure of protection to

computer buyers without unduly jeopardizing the ability of conscientious and responsible dealers to make a fair profit.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1031, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1031, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 559 Consumer Protection and Commerce on S.B. No. 1224

The purpose of this bill was to allow physician assistants to perform the functions of licensed optometrists.

Currently, the law, which was passed in the early 1970's, prohibits physician assistants from performing the duties and functions of optometrists.

Your Committee received mixed reaction towards the bill. The Board of Examiners in Optometry and the Hawaii Optometric Association testified against the bill, focusing on the qualifications and competency of physician assistants to conduct basic optometric duties and the fear that the public may be subject to inferior service and possible harm. On the other hand, the Hawaii Medical Association and the Board of Medical Examiners testified in support of the bill citing that physician assistants are trained and supervised to perform basic optometric procedures. In addition, the Hawaii Medical Association testified that under the law, the current practices of pediatric nurses measuring a child's vision, driver's licensing eye examination, and internist's nurses checking for glaucoma may be in violation of the law.

In light of the testimony presented, your Committee finds that the restrictive language in the present law is too broad. However, your Committee concurs that physician assistants should not be allowed to conduct procedures such as refractions. Accordingly, your Committee has amended the bill by adding the phrase "except for final refraction resulting in a prescription for spectacles, contact lenses, or visual training as performed by an oculist or optometrist duly licensed in the State," on page 3, line 7, before the word "Such".

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1224, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1224, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Nakasato, Ikeda and A. Kobayashi.

SCRep. 560 Consumer Protection and Commerce on S.B. No. 1341

The purpose of this bill was to extend the term of the Board of Examiners in Optometry to December 31, 1993, and to amend Chapter 459, Hawaii Revised Statutes (HRS), to reflect the recommendations of the Legislative Auditor pursuant to the sunset review report 87-1.

The recommendations of the Legislative Auditor incorporated in this bill include:

- (1) New language for licensure reciprocity;
- (2) A new section for definitions;
- (3) New language providing that one of the three licensed optometrist members of the Board shall be from a county other than the city and county of Honolulu;
- (4) Deletion of the continuing education requirement;
- (5) Deletion of language which provides that scores of any National Board of Examiners examination taken more than five years before the date of application shall not be accepted by the Board; and
- (6) Amendments for the restriction on advertising.

Your Committee heard testimony by the Hawaii Optometric Association, which recommended passage of the bill, but favored preservation of the continuing education requirement and opposed the new language on reciprocity on the grounds that it would be administratively complex to deal with. The Association noted that advertising and commercial practice by

optometrists have been under study by the Federal Trade Commission for several years without satisfactory resolution of inherent problems. For that reason, the Association felt that action now on this subject at the state level would be premature.

The Board of Examiners in Optometry also submitted testimony supporting the intent of this bill, with objections to the proposed new section on reciprocity, to the deletion of current requirements for continuing education and of the advertising restrictions.

Your Committee, responding to the thrust of the testimonies noted above, has amended the bill by deleting Sections 2, 3, 4, 5, 6 and 7, and by adding a new section 2 wherein the Board is tasked with establishing, by rules, policy and the process for reciprocity in handling the licensure of optometrists licensed in other jurisdictions.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1341, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1341, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 561 Consumer Protection and Commerce on S.B. No. 1526

The purpose of this bill was to permit the formation of risk retention groups and to repeal Chapter 431J, Hawaii Revised Statutes, relating to captive insurance companies.

In October, Congress passed the Liability Risk Retention Act of 1986. The major goal of the legislation was to facilitate alternatives to standard liability insurance for small businesses, nonprofit organizations, local governments, and professionals whose insurance costs have skyrocketed over the past few years. Many of these entities are too small to self-insure, and state regulations often limit or eliminate other pooling options. Recognizing this problem, Congress acted to make easier the formation of risk retention groups, i.e., self-insurance pools for organizations with similar liability risks.

Your Committee finds that the risk retention groups are a viable alternative to standard liability insurance and should be allowed in the State. Further, your Committee has amended the bill by deleting old section 2 which would have repealed Chapter 431J, Hawaii Revised Statutes, as it is believed that captive insurance companies are a viable alternative to certain types of insurance not covered by risk retention groups.

Your Committee on Consumer Protection and Commerce is in accord with S.B. No. 1526, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1526, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Chang, Fernandes Salling and Kuroda.

SCRep. 562 Judiciary on S.B. No. 431

The purpose of this bill is to amend or repeal various provisions of the Hawaii Revised Statutes and the Session Laws of Hawaii for the purpose of correcting errors, clarifying language, correcting references, and deleting obsolete or unnecessary provisions.

Your Committee has deleted section 18 from the bill which amended the title of section 286-151, Hawaii Revised Statutes, to reflect a change in the language of subsection (b) of that section. The proposed revision was deemed to be substantive in effect and therefore not appropriate to the revision bill.

Your Committee has also deleted section 34 of the bill as the result of testimony by the Board of Pharmacy to the effect that the proposed addition of the words "per cent" to the Board of Pharmacy Licensure examination passing score would alter the numerical value of the passing score; that is, the examination is not graded on a percentage basis.

Section 214(b)(5) of the Hawaiian Homes Commission Act contains a reference to "paragraphs (2), (3), and (4) of this section". Section 214 contains two subsections which have paragraphs numbered (2), (3), and (4). By referring to "paragraphs (2), (3), and (4) of this section", an ambiguous situation is created. It would be unclear which set of paragraphs is being referred to: the set in subsection (a) or the set in subsection (b). From the context of subsection (b), it is clear that the appropriate reference is to paragraphs (2), (3), and (4) of subsection (b). Section 214(b)(5) of the Hawaiian Homes Commission Act should be amended to make the correction.

Section 26-35.5(j), Hawaii Revised Statutes, contains a reference to section 478-2, Hawaii Revised Statutes. L 1986, Act 137, section 1, renumbered section 478-2 as section 478-3, Hawaii Revised Statutes. Section 26-35.5, Hawaii Revised Statutes, which contains a reference to section 478-2, should be amended to refer to the renumbered section.

Section 39-34, Hawaii Revised Statutes, contains a reference to "the conditions prescribed by section 39-33 requiring six months to elapse, and the giving of a bond, before the payment of the claims." L 1983, Act 60, section 4, amended section 39-33 by deleting the reference to an elapsed time of six months. Section 39-34, Hawaii Revised Statutes, should be amended to make the correction.

Section 46-4(d), Hawaii Revised Statutes, defines, for the purposes of this section, a handicapped person as "a handicapped individual as defined under section 515-2". Section 515-2, Hawaii Revised Statutes, does not contain a definition of a handicapped individual but does contain a definition of "physical handicap". Section 46-4(d), Hawaii Revised Statutes, should be amended to refer to the correct term defined in section 515-2.

Section 53-7, Hawaii Revised Statutes, contains a reference to "the proviso in clause (1) of the second sentence of section 53-21". The second sentence of section 53-21, Hawaii Revised Statutes, does contain a proviso but does not contain a clause (1). Section 53-7, Hawaii Revised Statutes, should be amended to delete the reference to a nonexistent clause (1).

Section 53-84, Hawaii Revised Statutes, contains references to words used in paragraph (g) of section 53-16, Hawaii Revised Statutes. Section 53-84(3)(F) refers to the words "real and personal property" as used in paragraph (g) of section 53-16, however, in section 53-16, the words are "real or personal property". Section 53-84, Hawaii Revised Statutes, should be amended to refer to the correct terms as used in paragraph (g) of section 53-16.

Section 54-11, Hawaii Revised Statutes, contains references to the board of supervisors of a county. The Charter Commission of 1958 changed the designation of the legislative body of each county from board of supervisors to county council. Section 54-11, Hawaii Revised Statutes, should be amended to delete these obsolete references.

Section 77-5, Hawaii Revised Statutes, contains a reference to section 77-13.5, Hawaii Revised Statutes. L 1986, Act 156, section 3, repealed section 77-13.5. Section 77-5, Hawaii Revised Statutes, should be amended to delete the reference to the repealed section.

Section 77-10, Hawaii Revised Statutes, contains references to sections 77-12 and 77-13.5, Hawaii Revised Statutes. L 1986, Act 156, section 2, repealed section 77-12, and L 1986, Act 156, section 3, repealed section 77-13.5. Section 77-10, Hawaii Revised Statutes, should be amended to delete the references to repealed sections.

See comment relating to section 77-10, Hawaii Revised Statutes, for the justification supporting this section. Section 77-13(a), Hawaii Revised Statutes, which contains a reference to a repealed section, should be amended to make the correction.

Section 80-4(b), Hawaii Revised Statutes, contains two paragraphs designated (1) and (2). To avoid ambiguity in referring to either of the two paragraphs with the same designation, it is necessary to redesignate the provisions of subsection (b). Section 80-4(b), Hawaii Revised Statutes, should be amended to make the correction in designations.

Section 85-45, Hawaii Revised Statutes, contains a reference to section 756-2, Hawaii Revised Statutes. In a revision note, the revisor of statutes, pursuant to statutory authority, has indicated that section 756-2 was repealed and that provisions on perjury and related offenses may be found in sections 710-1060 to 1068, Hawaii Revised Statutes. Section 756-2 was repealed and recodified as section 710-1060 by L 1972, Act 9, section 1. Section 85-45, Hawaii Revised Statutes, which contains an obsolete reference to section 756-2, should be amended to make the correction.

Section 88-77(a), Hawaii Revised Statutes, contains a reference to "the bureau of workers' compensation". L Sp 1959, 2d, Act 1, section 27, transferred the functions and authority of the bureau of workers' compensation to the then new department of labor and industrial relations. Section 88-77(a), Hawaii Revised Statutes, should be amended to delete this obsolete reference to the bureau of workers' compensation.

See comment relating to section 88-77, Hawaii Revised Statutes, for the justification supporting this section. Section 88-79(a)(1), Hawaii Revised Statutes, should be amended to delete the obsolete reference to the bureau of workers' compensation.

Section 92-28, Hawaii Revised Statutes, contains references to chapters 191 and 192, Hawaii

Revised Statutes. L 1985, Act 174, section 5, repealed chapter 191. L 1985, Act 174, section 6, repealed chapter 192. Section 92-28, Hawaii Revised Statutes, which contains references to repealed chapters, should be amended to delete these references.

L 1986, Act 275, section 1, repealed chapter 187, Hawaii Revised Statutes, pertaining to aquatic resources and wildlife. The general provisions relating to aquatic resources and wildlife are presently found in chapters 187A and 183D. L 1985, Act 174, section 5, repealed chapter 191. The provisions of chapter 191 are presently found in chapter 183D. Section 150A-4, Hawaii Revised Statutes, which contains references to the repealed chapters, should be amended to refer to the current provisions of chapters 187A and 183D.

L 1986, Act 275, section 1, repealed chapter 187, Hawaii Revised Statutes, pertaining to aquatic resources and wildlife. Section 183D-11, Hawaii Revised Statutes, should be amended to delete the reference to chapter 187, Hawaii Revised Statutes.

L 1986, Act 101, amended section 294-39(a), Hawaii Revised Statutes. The amendment added two paragraphs, designated (1) and (2), to the section's provisions. As a result of the amendment, section 294-39(a) has two paragraphs designated (1) and two paragraphs designated (2). Section 294-39(a) should be amended to eliminate the ambiguity resulting from having different paragraphs of the same subsection numbered the same.

The reference to the college of tropical agriculture, University of Hawaii, in section 304-8.5, Hawaii Revised Statutes, is incorrect. The correct designation is the college of tropical agriculture and human resources, University of Hawaii. Section 304-8.5 should be amended to enact this correction.

L 1986, Act 130, section 2, amended section 307-2, Hawaii Revised Statutes. It appears that a clerical error was made when section 307-2 was transcribed in House Bill No. 692-86. The words "four years, except that the governor may reduce the terms of" were dropped from a sentence in the first paragraph of the section. Section 307-2 should be amended to correct the apparent clerical error.

See comment relating to section 46-4(d), Hawaii Revised Statutes, for the justification supporting this section. Section 321-15.6(b), Hawaii Revised Statutes, should be amended to refer to the correct term defined in section 515-2.

L 1986, Act 179, section 8, repealed section 330-7, Hawaii Revised Statutes, relating to out-of-state prescriptions. L 1986, Act 179, section 3, added a new section to chapter 328 concerning out-of-state prescriptions. Section 328-99, which contains a reference to section 330-7, should be amended to refer to the current provisions in section 328-101.

L 1986, Act 258, section 3, repealed chapter 205, Hawaii Revised Statutes, part II, pertaining to shoreline setbacks. L 1986, Act 258, section 1, added a new part to chapter 205A concerning shoreline setbacks. Section 343-5(a), Hawaii Revised Statutes, which contains a reference to section 205-31, should be amended to refer to the current provisions in section 205A-41.

L 1986, Act 313, section 1, added four new sections to chapter 407, Hawaii Revised Statutes. One of the new sections, section 407-61.5, has a subsection (a) but no subsection (b). Since it is technically incorrect to subdivide a section into only one subsection, section 407-61.6 should be amended to correct this inaccuracy.

L 1986, Act 137, section 1, renumbered section 478-4, Hawaii Revised Statutes, as section 478-5. Section 408-16, Hawaii Revised Statutes, which contains a reference to the renumbered section, should be amended to make the correction.

The word "grantor" in section 410-15(b)(5), Hawaii Revised Statutes, is a misuse of the term and should be "guarantor" in conformance with the provisions of the paragraphs which use the word "guarantor". Section 410-15(b)(5), Hawaii Revised Statutes, should be amended to make the correction.

L 1984, Act 86, made extensive amendments to chapter 476, Hawaii Revised Statutes, which took effect on July 1, 1985. The title of chapter 476 changed from "Retail Installment Sales" to "Credit Sales" and section 476-1 was amended by substituting a new definition of "credit sales" for "retail installment sales". Section 437-28, Hawaii Revised Statutes, should be amended to conform to the new terminology of chapter 476.

L 1986, Act 154, section 2, amended section 437-28, Hawaii Revised Statutes. A comma was incorrectly inserted after the second use of the word "labor" in section 437-28(a)(22)(D) which creates a redundancy in the sentence. Further, it is clear that the phrase is "labor or production difficulty" not "labor, or production difficulty". Section 437-28(a)(22)(D), Hawaii

Revised Statutes, should be amended to make the correction.

See comment relating to the amendment of section 437-28, Hawaii Revised Statutes, for the justification supporting this section. Section 437-32, Hawaii Revised Statutes, should be amended to conform to the new terminology of chapter 476.

See comment relating to the amendment of section 437-28, Hawaii Revised Statutes, for the justification supporting this section. Section 437-34, Hawaii Revised Statutes, should be amended to conform to the new terminology of chapter 476.

See comment relating to the amendment of section 437-28, Hawaii Revised Statutes, for the justification supporting this section. Section 437-37, Hawaii Revised Statutes, should be amended to conform to the new terminology of chapter 476.

Section 445-166(a)(3), Hawaii Revised Statutes, makes reference to section 396-4(b)(4), the provisions of which relating to amusement rides were repealed by L 1980, Act 19, section 2. L 1980, Act 19, section 5, transferred the technical inspection and compliance provisions of the division of occupational safety and health to the boiler and elevator inspection bureau. The provisions relating to the inspection of amusement rides are now found in section 397-4(b)(5), added by L 1980, Act 19, part of section 1. Section 445-166(a)(3), Hawaii Revised Statutes, should be amended to delete the obsolete reference to section 396-4(b)(4) and refer to the current provisions of section 397-4(b)(5).

Section 459-7, Hawaii Revised Statutes, contains obsolete references to the United States Office of Education. The United States Office of Education is now referred to as the United States Department of Education. Section 459-7 should be amended to make the correction.

Section 462A-8, Hawaii Revised Statutes, contains a reference to the board of pilot commissioners. L 1985, Act 126, section 2, repealed section 462A-2, Hawaii Revised Statutes, relating to the board of pilot commissioners. References to the board in sections 462A-3, 462A-8, and 462A-11 were amended to refer to the director of commerce and consumer affairs. Section 462A-8(1), Hawaii Revised Statutes, should be amended to correct the inconsistency.

Section 462A-11, Hawaii Revised Statutes, contains an obsolete reference to the board of pilot commissioners. L 1985, Act 126, section 2, repealed section 462A-2, Hawaii Revised Statutes, relating to the board of pilot commissioners. Subsequent references to the board were changed by L 1985, Act 126, to refer to either the director of commerce and consumer affairs or the department of commerce and consumer affairs. From the context of section 462A-11, Hawaii Revised Statutes, it is apparent that the owners, charterers, operators, and agents of vessels referred to as registered with the board should be referred to as registered with the department. The reference in section 462A-11(1) to the rates "in effect upon passage of this bill" should be amended to reflect the date section 462A-11 was signed by the governor. Section 462A-11, Hawaii Revised Statutes, should be amended to make these corrections.

L 1983, Act 116, section 2, amended section 467-9, Hawaii Revised Statutes, by deleting the provisions relating to the application fee for issuance of a real estate license. The title of section 467-9 contains a reference to fees which is no longer appropriate. The title of section 467-9, Hawaii Revised Statutes, should be amended to make this correction.

L 1983, Act 116, section 2, amended section 467-9, Hawaii Revised Statutes, by deleting the provisions relating to the application fee for issuance of a real estate license. Section 467-11, Hawaii Revised Statutes, contains a reference to the fee provisions of section 467-9. Section 467-11 should be amended to delete the obsolete reference. The section should also be divided into subsections to facilitate future amendments and salesman should be changed to salesperson.

L 1986, Act 137, section 1, renumbered section 478-2, Hawaii Revised Statutes, as section 478-3. Section 467-18, Hawaii Revised Statutes, which contains a reference to the renumbered section 478-2, should be amended to refer to the correct section.

Section 468E-6, Hawaii Revised Statutes, contains references to the staggered terms of initial appointees. These references should be deleted as functus.

Section 477E-2, Hawaii Revised Statutes, contains a reference to section 851-1, Hawaii Revised Statutes. L 1986, Act 314, section 77, repealed chapter 851 and added a new part to chapter 708, Hawaii Revised Statutes, relating to credit card offenses. The provisions of the repealed section 851-1 appear in section 708-800. Section 477E-2, Hawaii Revised Statutes, should be amended to correct the reference.

L 1986, Act 137, section 1, renumbered section 478-2, Hawaii Revised Statutes, as section

478-3. Section 484-16, Hawaii Revised Statutes, which contains a reference to the renumbered section, should be amended to make the correction.

Section 485-14(e), Hawaii Revised Statutes, contains two sets of numbered paragraphs. As this creates a potentially ambiguous situation when referencing either set of numbered paragraphs, section 485-14(e), Hawaii Revised Statutes, should be amended to clarify the ambiguity.

L 1986, Act 341, section 1, amended section 490:1-201, Hawaii Revised Statutes. The definition of "holder" contains an apparent grammatical error where Act 341 added the incorrect word "in". Section 490:1-201(20), Hawaii Revised Statutes, should be amended to make the correction.

L 1986, Act 341, section 4, amended section 490:9-304, Hawaii Revised Statutes. In typing subsection (2), textual material was inadvertently omitted. The revisor has included the omitted material within brackets in the Supplement, however, the textual material in section 490:9-304(2), Hawaii Revised Statutes, should be reenacted.

L 1986, Act 341, section 4, amended section 490:9-304, Hawaii Revised Statutes. In typing subsection (5), textual material was inadvertently omitted. The revisor has included the omitted material within brackets in the Supplement, however, the textual material in section 490:9-304(5)(b), Hawaii Revised Statutes, should be reenacted.

Section 490:9-402(2), Hawaii Revised Statutes, contains a reference to subsection (7) of that section. From the context of subsection (2), it would appear that the correct cross-reference is to subsection (6), relating to a change of name, identity, or corporate structure of the debtor. Section 490:9-402(2), Hawaii Revised Statutes, should be amended to refer to the correct subsection.

L 1986, Act 246, section 22, amended section 501-171, Hawaii Revised Statutes. In the last sentence of the first paragraph of the section, the phrase "residence and post office address" appears. To be consistent with the other uses of this phrase in the section as amended by Act 246, the phrase should be amended to read "residence or post office address". Section 501-171, Hawaii Revised Statutes, should be amended to correct the inconsistency in phrasing.

Section 510-26, Hawaii Revised Statutes, contains subsections (a), (b), and (d), but no subsection (c). The original bill, House Bill No. 13-73, also contained this error which was subsequently codified in the session laws. Section 510-26, Hawaii Revised Statutes, should be amended to change the designation of the last subsection in the section from (d) to (c).

Section 514A-47, Hawaii Revised Statutes, contains a reference to section 514A-66. L 1984, Act 58, section 6, repealed section 514A-66. Section 514A-47, Hawaii Revised Statutes, which contains a reference to the repealed section, should be amended to delete this obsolete reference.

Section 514A-89, Hawaii Revised Statutes, contains a reference to section 468B-1, Hawaii Revised Statutes. L 1986, Act 19, section 2, repealed chapter 468B. Section 514A-89, which contains a reference to a repealed section, should be amended to delete this obsolete reference and to include the definition of solar energy device which was in the repealed section.

Section 533-16, Hawaii Revised Statutes, contains a reference to sections 533-14 and 533-15, Hawaii Revised Statutes. L 1977, Act 144, section 54, repealed both sections 533-14 and 533-15. The relevant provisions of these sections were incorporated in sections 560:2-205 to 560:2-207 by L 1977, Act 144, sections 5, 6, and 7, respectively. Section 533-16, Hawaii Revised Statutes, should be amended to delete the obsolete references to repealed sections and to refer to the current provisions of sections 560:2-205 to 560:2-207.

L 1985, Act 61, enacted the Uniform Trustees' Powers Act, modeled on a Uniform Trustees' Powers Act drafted by the National Conference of Commissioners on Uniform State Laws. Section 3 of the Model Act, relating to the powers conferred on trustees, includes certain enumerated powers which were amended or deleted in Senate Bill No. 563, S.D. 1, which became Act 61, Session Laws of Hawaii 1985. The deletion of provision 3(c)(4) of the Model Act in S.B. No. 563, S.D. 1, caused the remaining provisions in section 3 (now section 554A-3, Hawaii Revised Statutes) to be renumbered. However, references to the renumbered provisions of section 3(c) in section 5(b) (now section 554A-5(b), Hawaii Revised Statutes) of the Model Act were not corrected by S.B. No. 563, S.D. 1. Section 554A-5, Hawaii Revised Statutes, should be amended to refer to the correct provisions of section 554A-3(c).

In section 560:1-201(50), Hawaii Revised Statutes, the definition of "trust" contains a reference to chapter 553, Hawaii Revised Statutes, pertaining to the Uniform Gifts to Minors

Act. L 1985, Act 91, section 2, repealed chapter 553, and added a new chapter, designated chapter 553A, relating to the Uniform Transfers to Minors Act. In section 560:1-201(50), Hawaii Revised Statutes, the definition of "trust" should be amended to refer to the current provisions in chapter 553A.

Section 560:3-301(b), Hawaii Revised Statutes, contains a reference to section 560:3-610(c). Section 560:3-610 has not contained a subsection (c) since it was enacted in 1976 as Act 200. From the context of section 560:3-301(b), it would appear that the reference intended is to section 560:3-610(b) instead of the nonexistent (c). Section 560:3-301(b), Hawaii Revised Statutes, should be amended to make this correction.

Section 560:3-302(a), Hawaii Revised Statutes, contains a reference to section 560:1-401(a)(3), Hawaii Revised Statutes. Section 560:1-401(a)(3) was repealed by L 1978, Act 113, section 1 and subsection (a) was rewritten. From the context of section 560:3-302(a), it would appear that the reference should now be to section 560:1-401(a)(2), Hawaii Revised Statutes. Section 560:3-302(a) should be amended to make this correction.

See comment relating to the reference to the nonexistent section 560:3-610(c) for the justification supporting this section. Section 560:3-308(b), Hawaii Revised Statutes, which contains a reference to the nonexistent subsection, should be amended to make the correction.

Section 560:3-414(a), Hawaii Revised Statutes, contains a reference to section 560:3-301(1). There is no such designation in that section, and it is apparent from the context of both sections that the appropriate reference is to section 560:3-301(b)(1). Section 560:3-414(a), Hawaii Revised Statutes, should be amended to make this correction.

Section 571-2, Hawaii Revised Statutes, contains a reference to section 571-11(2)(D), (E), or (F), Hawaii Revised Statutes. L 1983, Act 171, section 2, amended this section by deleting paragraphs (2)(A) and (2)(B) and renumbering paragraphs (2)(C) to (F) as (2)(A) to (D). Section 571-2, Hawaii Revised Statutes, which contains references to the originally numbered paragraphs, should be amended to refer to the correct paragraphs. Further, there is no reference to an abused child in section 571-11(2)(A). That reference was in the original section 571-11(2)(B) which was repealed. Section 571-2 should be corrected to delete the reference to an abused child.

L 1986, Act 172, section 1, amended section 571D-1, Hawaii Revised Statutes. Through an apparent clerical error, the word "service" was deleted from the phrase "private social agency" in the first sentence of the section. Section 571D-1, Hawaii Revised Statutes, should be amended to make the correction.

Section 573-8, Hawaii Revised Statutes, contains a reference to sections 573-2, 573-6, and 573-7, Hawaii Revised Statutes. L 1984, Act 79, section 2, renumbered section 573-2 as section 572-22; L 1984, Act 79, section 1, renumbered section 573-6 as section 572-23; and L 1984, Act 79, section 1, renumbered section 573-7 as section 572-24. Section 573-8, Hawaii Revised Statutes, which contains references to these renumbered sections, should be amended to make the corrections.

Section 622-52(a), Hawaii Revised Statutes, contains references to sections 622-55 and 622-3, Hawaii Revised Statutes. Section 622-55 was repealed by L 1980, Act 164, section 9, and section 622-3 was repealed by L 1980, Act 164, section 5. Rule 1001(4), Hawaii Rules of Evidence, enacted by L 1980, Act 164, section 1, defines as a "duplicate" those means of producing facsimile copies provided for in section 622-3, Hawaii Revised Statutes. No provisions similar to section 622-55 exist in the Hawaii Rules of Evidence or elsewhere in the Hawaii Revised Statutes. Section 622-52(a), Hawaii Revised Statutes, should be amended to delete the references to repealed sections, and to refer to the current provisions of Rule 1001(4), Hawaii Rules of Evidence.

Section 622-56(c), Hawaii Revised Statutes, contains a reference to section 622-55, Hawaii Revised Statutes. L 1980, Act 164, section 9, repealed section 622-55. Section 622-56(c), Hawaii Revised Statutes, should be amended to delete the reference to the repealed section.

L 1985, Act 68, section 29, amended section 634-36, Hawaii Revised Statutes, to remove gender specific pronouns. In the first sentence of the section, the word "person" was substituted for the pronoun "he". Within the context of the sentence, however, "person" refers to the antecedent "person authorized to serve process" and "he" refers to the antecedent "defendant". Section 634-36, Hawaii Revised Statutes, should be amended so that "defendant" is substituted for the term "person" which incorrectly refers to the person authorized to serve process.

Section 669-2(d)(2), Hawaii Revised Statutes, contains a reference to "an abstractor licensed

in the State". L 1977, Act 70, section 2, repealed the chapter in the Revised Statutes relating to the licensure of abstract makers. Section 669-2(d)(2), Hawaii Revised Statutes, should be amended to delete the reference to licensed abstractors.

Section 671-1, Hawaii Revised Statutes, contains a reference to "a physician or a physician and surgeon licensed under chapter 460". Chapter 460, Hawaii Revised Statutes, relates to osteopathy, and L 1985, Act 197, removed the distinction between an osteopathic physician and an osteopathic physician and surgeon. The reference in section 671-1, Hawaii Revised Statutes, is obsolete and should be amended to make the correction.

See comment relating to the amendment of section 671-1, Hawaii Revised Statutes, for the justification supporting this section. Section 671-11, Hawaii Revised Statutes, should be amended to correct the reference to osteopathic physicians and surgeons.

L 1971, Act 185, created the office of state public defender. Section 10 of the then newly enacted chapter provided that the governor "may contract with a nonprofit organization which, for at least the past five years, has been providing administrative support to lawyers who are duly licensed by the Supreme Court of the State of Hawaii to provide legal services to indigents". The transition provisions are now obsolete, and section 802-10, Hawaii Revised Statutes, should be repealed to delete the obsolete provisions.

Section 806-56, Hawaii Revised Statutes, contains a reference to "[the] proviso of section 801-5 relative to fees allowed counsel assigned by the court for a defendant". Section 801-5, Hawaii Revised Statutes, was originally numbered section 705-5. L 1972, Act 9, part of section 1, renumbered section 705-5 to its present section number. L 1969, Act 223, section 8, repealed the provisions relating to fees allowed counsel in the then section 705-5, and enacted section 611-5, Hawaii Revised Statutes, which contained a new fee schedule. L Sp 1981 1st, Act 22, section 3, repealed chapter 611, Hawaii Revised Statutes, and L Sp 1981 1st, Act 22, section 1, amended section 802-5, Hawaii Revised Statutes, to include the provisions for compensation to appointed counsel. Section 806-56, Hawaii Revised Statutes, which contains a reference to the provisions relative to fees allowed counsel assigned by the court for a defendant, should be amended to refer to the current provisions of section 802-5(b), Hawaii Revised Statutes.

L 1986, Act 320, section 8, specifies the effective date of the Act and repeals the Act as of June 30, 1989. L 1986, Act 320, amends sections 37-34 to 37-37 of part II, titled "Allotment System", of chapter 37, titled "Budget", of the Hawaii Revised Statutes and section 37-74 of the Executive Budget Act, which is part IV of the same chapter 37. Chapter 37, Hawaii Revised Statutes, applies to all state executive branch agencies. The amendments made by Act 320 added to existing sections special provisions and exceptions to give the University of Hawaii and the department of education greater flexibility in budgeting and expending appropriated funds than is given to other state executive branch agencies. Section 6 of Act 320 requires the legislative auditor to review the impact of the Act on "the quality and effectiveness of the instruction, organized research, public service, academic support, student services, and institutional support program areas, as applicable, at the university and the department of education"

L 1986, Act 321, section 12, specifies the effective date of the Act and repeals the Act as of June 30, 1989. L 1986, Act 321, added two new sections to chapter 40, Hawaii Revised Statutes, to provide that lapsed appropriations for the University of Hawaii and for the department of education be returned to the state treasury, and amended sections 40-1, 40-2, 40-4, 40-6, 40-81, and 103-23, Hawaii Revised Statutes. The amended sections apply to all state executive branch agencies. Section 10 of Act 321 requires the legislative auditor to review the impact of the Act on "the quality and effectiveness of the instruction, organized research, public service, academic support, student services, and institutional support program areas, as applicable, at the university and the department of education"

L 1986, Act 342, section 9, specifies the effective date of the Act and repeals the Act as of September 30, 1991. L 1986, Act 342, amended sections 281-1 and 281-78, Hawaii Revised Statutes, and sections 712-1250.5 and 712-1252 of the Hawaii Penal Code, to establish a minimum drinking age of twenty-one. Act 342 also amended section 294-13, Hawaii Revised Statutes, to add a new subsection (n) to provide for a reduction of motor vehicle insurance rates based on the anticipated effects of the higher drinking age.

A question arises, however, as to the effect of the repeal of Acts 320, 321, and 342. It is unclear from a reading of the Acts themselves whether the repeal of the Acts repeals only the amendments to the sections of the Hawaii Revised Statutes and makes the sections of the Hawaii Revised Statutes after such a repeal read as they did before the amendments in the Act; or whether the sections of the Hawaii Revised Statutes, as well as their amendments, are repealed.

While the legislative histories of Acts 320, 321, and 342 provide sufficient indications of the legislature's intent to impose the durational limitations found in their effective dates on the amendments made and not on the entire sections as amended, neither the office of the attorney general nor the legislative reference bureau can guarantee, in the absence of a uniform general rule on the effect of such a durational requirement, how the courts will interpret the effect of the repeal of Acts 320, 321, and 342. In other words, while the legislative intent may be determined from the legislative histories, there exist, in other jurisdictions, conflicting interpretations on the repeal of amendatory acts. There is an absence of controlling case law in Hawaii, and an absence of any interpretive provisions in the Hawaii Revised Statutes. For a clear statement of intent in this regard, see for example L 1986, Act 344, section 20. Since the effect of the durational requirements may be called into question, the better approach would be to clarify legislative intent through statutory provision.

Acts 320, 321, and 342 should be amended to restore on repeal the statutory provisions of the sections amended to their wording prior to amendment.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 431, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 431, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 563 Health on S.B. No. 996

The purpose of this bill is to repeal the statutes which require the Department of Health to issue permits to persons seeking county licenses to sell poisonous drugs and household remedies and rodent, insect, or weed destroyers.

Your Committee received testimony from the Director of Health and finds that such permits and licensing serve no useful purpose in protecting the public against the harmful effects of poisons. Your Committee finds that the Department is quite capable of regulating poison sales, use, and storage without the necessity of issuing and renewing more than one thousand permits annually and should not have to absorb the attendant costs. In addition, the Department of Agriculture and the U.S. Environmental Protection Agency, as well as the U.S. Food and Drug Administration and the U.S. Consumer Product Safety Commission all have a hand in controlling the sale and use of potentially hazardous consumer products. Therefore, your Committee finds that the statutes subject to repeal by this measure serve no substantial purpose and should be deleted from Hawaii law.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 996 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 564 Health on S.B. No. 258

The purpose of this bill is to establish that a foreign food product is misbranded if its expiration date is covered up. The bill would also make several technical changes to section 328-10, Hawaii Revised Statutes.

Your Committee received testimony on this bill from the Director of Health and the Hawaii Food Industry Association and finds that this bill would in effect single out foreign foods for regulation. Your Committee also finds that the Department of Health currently requires that all expiration dates on all foods which have expiration dates must remain uncovered. Clearly, this bill would serve no substantive purpose except to single out foreign foods for unequal treatment under the law, which your Committee cannot condone. Therefore, your Committee has amended the bill by deleting the substantive amendment to section 328-10.

However, your Committee is of the opinion that the many technical changes represent a clear and valuable improvement to the statute and for that reason your Committee is advocating that this bill be approved as a vehicle for updating and strengthening the current provisions of section 328-10.

Your Committee on Health 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 placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 565 Health on S.B. No. 1446

The purpose of this bill is to enable advocates of the rights mentally ill persons to have access to medical records of mentally ill clients in order to come into compliance with the Protection and Advocacy for Mentally Ill Individuals Act of 1986, Public Law 99-319.

Your Committee received supporting testimony from the Director of Health and the Executive Director of the Protection and Advocacy Agency of Hawaii and finds that Public Law 99-319 is intended to ensure that the rights of mentally ill people are protected. Your Committee also finds that Public Law 99-319 designates the developmental disabilities protection and advocacy system of each state which, in the case of Hawaii, is the Protection and Advocacy Agency of Hawaii, as the designated agency to carry out the provisions of the Act. In order to do so, the Agency has to have access to client records, subject to strict conditions of confidentiality, which would be provided by this measure.

However, your Committee also finds that this bill would only enable access to records of individuals residing in psychiatric facilities. Your Committee believes that in order to comply with the intent of Public Law 99-313, access should also be provided to records of individuals residing in special treatment facilities, and your Committee has accordingly amended the bill. Your Committee has also amended the bill to define special treatment facility as including hospitals, nursing homes, community facilities for mentally ill individuals, and board and care homes that provide care or treatment for mentally ill residents. With these changes, your Committee believes that the bill would place Hawaii law in compliance with the federal law and allow persons and organizations such as the Protection and Advocacy Agency of Hawaii to effectively carry out their mandates.

Your Committee has further amended the bill by making several technical amendments which have no substantive effect.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1446, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1446, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 566 Health on S.B. No. 1132

The purpose of this bill is to make it a class C felony for anybody who has tested positively for the AIDS antibody to knowingly expose another person to the AIDS virus, whether by blood donation or by any other means scientifically established as one by which the virus is likely to be transmitted.

Your Committee received testimony from the Director of Health, the Blood Bank of Hawaii, and others, and finds that AIDS is a substantial danger to the public health. Your Committee further finds that the public should be protected from individuals infected with HIV virus who engage in irresponsible high risk behaviors which may transmit the AIDS virus.

However, your Committee is cautious about singling out specific groups of individuals determined to be at high risk of transmitting the disease, and believes that such action may make it harder to carry out effective screening and counseling. Therefore, your Committee has amended the bill by deleting the penalty provisions and the provision relating to lists of high risk subgroups and means of transmission, and instead inserted a provision authorizing the Department to quarantine persons who test positively and have exposed another to the AIDS virus. Your Committee believes that this action provides the Department of Health with sufficient authority to protect the public without unduly restricting individual rights.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1132, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1132, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 567 Health on S.B. No. 1733

The purpose of this bill is to authorize the Department of Health to update the schedules of controlled substances on a temporary basis subject to approval by the next legislature.

Under current law, only the legislature has the authority to add, delete, or reschedule controlled substances. This bill would allow the Department to designate a substance as added, deleted, or rescheduled thirty days after the final order of such action on the federal level has been published in the Federal Register, and such designation would have the effect of law. However, if the next legislature fails to amend the Hawaii Revised Statutes accordingly, the

temporary designation would be nullified.

Your Committee received supporting testimony from the Director of Health and finds that temporary scheduling is necessary to allow use of federally approved life saving drugs pending approval of the legislature. Your Committee also finds that without this measure, contraband drugs which have not been approved for scheduling by the legislature cannot be confiscated and the possessor would go unpunished.

Your Committee has amended the bill by making technical changes which have no substantive effect and by reformatting subsection 329-11(b) to conform with recommended drafting style.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1733, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1733, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 568 Health on S.B. No. 993

The purpose of this bill is to enable the Department of Health to disclose reports of all blood transmitted diseases to blood banks.

Currently the Department is authorized to disclose reports of persons who have had viral hepatitis. This bill would allow the Department to inform the blood bank of persons who have or are suspected of having diseases or conditions transmittable by blood or blood products, including AIDS.

Your Committee received supporting testimony from the Director of Health, Hawaii Medical Association, and the Life Foundation, and finds that while blood donated to the blood bank is routinely screened for infectious diseases, there is always the slight possibility of false laboratory results due to the limitations of the test. False tests may also occur during the early incubation period shortly after a person is infected. This bill would provide a safeguard against transmission of infectious diseases through blood transfusions and is considered by your Committee to be in the public interest.

Your Committee has amended the bill by providing that the Department may disclose reports of persons who had, have, or are suspected of having diseases transmittable by blood.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 993, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 993, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 569 Health on S.B. No. 994

The purpose of this bill is to update and strengthen the laws relating to communicable diseases and the manner in which they are reported.

This bill would strengthen the mandate of the Department of Health relating to communicable diseases in the following manner:

- (1) By transferring the list of reportable diseases to the Administrative Rules of the Department of Health so that the Department may maintain better disease surveillance without having to ask the legislature for a statutory revision every time a new disease becomes apparent;
- (2) By including laboratory directors and all health care providers in the disease reporting process under section 325-2, Hawaii Revised Statutes, to enable the Department to broaden the scope of surveillance and intervention and set priorities for the most effective manner of disease reporting; and
- (3) By expanding section 325-3 to allow the Director of Health to ascertain who shall be required to report diseases.

Your Committee received supporting testimony from the Director of Health and the Hawaii Medical Association and finds that this bill would improve the Department's ability to reduce the incidence, morbidity, and mortality of communicable diseases in the State.

Your Committee has amended the bill by specifically giving rulemaking authority to the

Director of Health and by changing the reference to health care "provider", on page 2, line 23, to health care "professional", in order to clarify that the reporting of communicable diseases is the responsibility of the individual handling the case. Your Committee has also amended the bill by adding a provision to section 325-3 which prohibits the enforcement of more than one penalty against a person who violates reporting requirements.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 994, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 994, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 570 Health on S.B. No. 995

The purpose of this bill is to repeal the ten-day shelf life requirement for fluid processed milk.

Your Committee received testimony from the Director of Health and finds that the shelf-life requirement was challenged in U.S. District Court and was found to have serious constitutional problems. As a result, the court has issued a permanent injunction prohibiting the State from enforcing the law.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 995 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 Health on S.B. No. 1007

The purpose of this bill is to specify conditions under which informed consent for human immunodeficiency virus (HIV) antibody testing must be obtained.

The bill as received would add a new section to chapter 325, Hawaii Revised Statutes, requiring informed written consent prior to testing for HIV except for (1) the testing of anatomical gifts to determine medical acceptability; (2) research; and (3) anonymous testing carried out at HIV test sites established by the Department of Health.

Your Committee received testimony from the Hawaii Medical Association (HMA), Department of Health, and the Life Foundation in support of voluntary testing. The HMA suggested that written consent might serve as a barrier for those seeking the test while the Life Foundation favored written informed consent.

Upon consideration of the testimonies received, your Committee has made the following amendments:

- (1) Deleted the definitions;
- (2) Deleted the necessity of written consent;
- (3) Reworded paragraph (b)(3) of the new section for purposes of clarity;
- (4) Added a provision that informed consent is not required where there is reasonable concern for the health and safety of the client or health care provider potentially exposed to the client's bodily fluids;
- (5) Added a penalty of not less than \$1,000 nor more than \$10,000 for a violation of the section; and
- (6) Added a severability provision.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1007, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1007, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 572 Health on S.B. No. 1121

The purpose of this bill is to enable the State Planning Council on Developmental Disabilities to hire the executive secretary without regard to the civil service requirements provided in

chapters 76 and 77, Hawaii Revised Statutes.

Currently, the Council is administratively attached to the Department of Health and must select their executive secretary from within the state system. This bill would enable the Council to select the most qualified candidate from the private sector, if appropriate.

Your Committee received supporting testimony from the Chairman of the State Planning Council on Developmental Disabilities and finds that although the Council and the executive secretary are attached to the Department, it is crucial that they have the freedom and autonomy to advocate for the best interests of the developmentally disabled population as first priority. This bill would enable the Council to take issue with the Department when it determines that the interests of the target population would best be served by doing so.

Your Committee has amended the bill by providing that the Council may also remove the executive secretary without regard to chapters 76 and 77, and by making a technical change which has no substantive effect.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1121, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1121, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 573 Health on S.B. No. 349

The purpose of this bill is to require that the Director of Health have a background and at least five years of experience in a health-related field, health care delivery, or public health administration.

Presently, the statutes are silent on the matter of the Director's experience or background.

Your Committee received favorable testimony from the Director of Health and the Hawaii Medical Association, among others, and finds that the Director of Health must exercise professional judgment in a wide range of subjects, including control of epidemics, sanitation and waste disposal, environmental protection, community hospitals, health care centers and clinics, family planning, mental health, venereal diseases, Hansen's Disease, food and drug administration and controls, community health services, health education, public health nursing, laboratories, midwives, and many others. With this diversity of programs, personnel, and policies encompassing the health field, effective and efficient coordination requires a detailed knowledge of how they interface and overlap in today's complex, health-conscious society. Minimum qualifications in terms of background and experience would ensure that the Director of Health possesses the kinds of qualities necessary to carry out the functions of the office.

Your Committee has amended the bill by providing that the Director of Health "shall have a professional health background and full time experience of at least five years in community health care, public health administration, or related experience."

Your Committee on Health is in accord with the intent and purpose of S.B. No. 349, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 349, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 574 Health on S.B. No. 749

The purpose of this bill is to update, streamline, and otherwise strengthen the laws relating to statewide health planning and development and the procedures and requirements for obtaining a certificate of need.

Specifically, the bill would do the following:

- (1) Delete references to the federal law which is scheduled to expire this year;
- (2) Increase the minimum for capital expenditures which require a certificate of need from \$600,000 to \$1,000,000 and set the minimum for replacement of all equipment at \$400,000;
- (3) Eliminate mandatory review of certificate of need applications by the statewide health coordinating council;

- (4) Exempt public hospitals and dental clinics from certificate of need requirements;
- (5) Authorize the review panel to veto a decision by the state agency regarding a certificate of need application; and
- (6) Eliminate the exemption from certificate of need requirements currently enjoyed by health maintenance organizations.

Your Committee received testimony from the Director of Health, Healthcare Association of Hawaii, and the State Health Planning and Development Agency, and finds that it is appropriate to make changes to the planning process for health services and facilities to reflect current conditions and to ensure that Hawaii may enjoy both the benefits of health care cost containment and a competitive health care environment. However, your Committee believes that the bill as introduced should be changed so as to ensure that such purposes may be carried out. Therefore, your Committee has made the following amendments:

- (1) Authorized the state agency to conduct activities that it deems appropriate to carry out the purposes of the law;
- (2) Deleted the review board veto power but granted the review board the authority to hear and rule on requests for reconsideration of a state agency decision;
- (3) Restored the three level review process involving the subarea councils, the review panel, and the statewide council, but provided that the review panel and the statewide council may join together to simultaneously hear or consider information related to an application for a certificate of need;
- (4) Authorized the state agency to review and decide on certain applications for certificate of need without referral to the subarea council, review panel, or statewide council;
- (5) Authorized the subarea councils, or the review panel, or the statewide council to waive their review prerogatives if the majority of their members so decide; and
- (6) Authorized the state agency, through the statewide council, to exempt other facilities or services as it may choose from the certificate of need requirements.

Your Committee believes that these changes will ensure that the statewide process of health and resource planning will be responsive to contemporary needs and allow for maximum cost containment and innovation.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 749, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 749, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 575 Health on S.B. No. 1126

The purpose of this bill is to require the Department of Health through its marriage license agents, to furnish information about fetal alcohol and drug syndromes to each marriage license applicant.

Your Committee received testimony from the Department of Health, the Life Foundation, and others, and finds that it is appropriate for the State to undertake to inform prospective parents of the dangers of consuming alcohol or drugs during pregnancy. Your Committee also finds that it is likewise appropriate to make available information regarding AIDS. Therefore, your Committee has amended this bill to include information on AIDS, including the availability of anonymous testing for HIV virus at alternate test sites, among the topics to be discussed by the marriage license agent, provided that such information shall be furnished only if it is available and that sufficient resources are available for such purposes.

Your Committee has also amended the bill by making a technical change which has no substantive effect.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1126, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1126, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 576 Corrections on S.B. No. 957

The purpose of this bill is to authorize home detention as a discretionary condition of probation.

Home detention, under which a convicted person is confined to the person's home, is an alternative to incarceration which has been much discussed. Benefits of home detention may include: easing of prison overcrowding; reduction of the cost of incarceration of inmates; and appropriateness as a meaningful sentence for first time offenders convicted of nonserious crimes. Other traditional approaches, such as suspended sentences, probation, and parole, have sometimes been unsatisfactory because of inadequate supervision of convicted persons. Although home detention also requires some supervision, the extent required is less.

Your Committee, however, is not prepared to endorse at this time the use of home detention to reduce the prison population, as some corrections reformers recommend. Your Committee does not intend, for public safety purposes, home detention to be used to place on probation or release early, convicted persons who are in need of intensive supervision or who are not eligible or qualified for parole. Although technology, such as electronic wristlets, have been used in other jurisdictions to ensure intensive supervision under home detention, Hawaii has not reached a similar level of technological sophistication or expertise. Moreover, both the probation and parole offices lack adequate staffing to provide the level of supervision which would make home detention a viable alternative to incarceration.

A pilot program is now being conducted by the Intake Service Center on the monitoring of pre-trial detainees by electronic wristlets. Your Committee wishes to evaluate the program prior to enlarging the scope of home detention.

Your Committee, however, believes that home detention should be a discretionary condition of probation. The discretion gives the sentencing court the authority to impose an additional restriction on a probationer short of incarceration. Your Committee does not intend a court to use home detention as justification to sentence a convicted person to probation if the person would not otherwise be sentenced to probation under the existing discretionary conditions.

Your Committee has amended the bill as follows:

(1) Section 1, the purpose clause, has been deleted. Your Committee believes that purpose clauses are unnecessary in general. For this bill, legislative intent is clearly stated in this committee report.

(2) Section 2 of the bill, as received, has been deleted. This amendment deletes the provision making persons sentenced to home detention ineligible for public assistance. The Judiciary and Department of Social Services and Housing have testified for the deletion because probationers currently are eligible for public assistance and no justification has been offered for the stricter treatment of probationers on home detention. Home detention also may be an appropriate sentence for persons receiving public assistance, even as it may be for nonrecipients.

(3) Section 3 of the bill, as received, concerning home detention for parolees, has been deleted. The Hawaii Paroling Authority already has the authority to impose home detention as a condition of parole. The section has been deleted because your Committee does not want to implicitly encourage the Authority to use home detention as a vehicle for early release.

(4) The word "directly" has been inserted after "go" on page 4, line 8, of the bill, as received. Your Committee intends that persons on home detention shall not take detours or engage in unauthorized activities while in transit.

(5) Language has been included in the description of home detention to allow the convicted person to travel to and from the person's probation office or doctor's or dentist's office. This amendment has been suggested by the Judiciary, and your Committee finds that it is reasonable. Your Committee intends that persons on home detention be allowed to travel to and from a doctor's or dentist's office only for legitimate health care needs.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 957, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 957, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 577 Corrections on S.B. No. 1130

The purpose of this bill is to authorize the medical officer of a correctional facility to test

every convicted person for the presence of acquired immune deficiency syndrome viral antibodies or human immunodeficiency virus.

Your Committee finds that testing for the virus is necessary, especially among prison inmates identified as high risks, such as homosexuals, bisexuals, and intravenous drug users. Given the prevalence of homosexuality and homosexual rape in, and the closed environment of, the prison setting, the spread of AIDS is a very real and present danger.

Your Committee has been informed that the corrections medical staff and Department of Health are already involved in testing high risk inmates for AIDS. Your Committee fully supports their efforts. Your Committee, however, believes that the authority to test inmates should be broadened to include every inmate and specifically spelled out in law to provide corrections and health officials the flexibility to enlarge the scope of their testing and to avoid the possibility of legal challenges based on insufficient authority.

After a hearing and further consideration of this bill and the problem of AIDS, your Committee has made the following conclusions. First, an inmate with a positive test should be provided counseling and medical monitoring. The counseling and medical monitoring should serve to discourage the inmate from engaging in activities which may spread the virus and to constantly evaluate the progress of the virus on the inmate's health. Second, the department of health should be notified of any positive test and should notify and provide follow-up services to persons who may have been exposed to the virus from a sexual relationship with the infected inmate. Persons at risk must be notified so adequate measures to mitigate adverse consequences to the extent possible can be taken. The notification should also assist in stopping the spread of AIDS among the general population. Finally, the entire inmate population should be given general notification when an inmate tests positive. The notification should not reveal the identity of the inmate with the positive test. The notification should serve to discourage inmates from activities which may result in the spread of the virus within the prison.

Accordingly, your Committee has amended the bill by adding a new section to chapter 353, Hawaii Revised Statutes, to implement the conclusions. In addition, your Committee has deleted reference to "acquired immune deficiency syndrome viral antibodies". Your Committee has been informed that the term is not necessary and that "human immunodeficiency virus" is sufficient to effectuate the intent of the bill.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 1130, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1130, S.D. 2.

Signed by all members of the Committee.

SCRep. 578 Tourism and Recreation on S.B. No. 998

The purpose of this bill is to amend section 183D-29, Hawaii Revised Statutes, to delete the bonding requirement imposed on agents designated by the Department of Land and Natural Resources to sell hunting licenses.

The bonding requirement was originally established to provide the State with a form of security for the faithful accounting, collection, and payment of hunting licenses sold by authorized agents. The cost of fidelity bonds, however, has since risen from \$3.50 to \$30 per \$1,000 of coverage. The relatively high cost of the bonding requirement in relation to the licenses sold has been described by the Department as the major reason for the decline in the number of agents.

In a public hearing, your Committee learned that the cost of a hunting license as set by the Department is \$7.50 for residents and \$15 for non-residents and has not been increased in over ten years. During the same period, the commission rate for agents has been set at five percent. At this level, the various sporting goods and other general merchandising stores who act as agents cannot even hope to recover their costs of providing hunting licenses.

Your Committee finds that in addition to the elimination of the bonding requirement, the low commission rate and hunting license fee must also be addressed. In order to accomplish this, your Committee has amended this bill to raise the commission fee from five percent to ten percent. In addition, your Committee has also urged the Department to revise its hunting license fees so that they may, at least, offset the proposed increase in commission fees.

Your Committee has also amended the bill by making a technical change which has no substantive effect.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B.

No. 998, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 998, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 579 Ways and Means on S.B. No. 1758

The purpose of this bill is to allow the department of planning and economic development to charge fees for services rendered and products provided by the department.

The department of planning and economic development has testified in support of this bill, stating that no current statutory authority exists for the charge of fees.

Your Committee intends that the fees collected be deposited into the general fund, except fees collected for use of the Hyperbaric Treatment Facility. Your Committee intends that fees collected for use of the Facility be applied to defray its operating cost. Although approximately fifty per cent of the Facility's operating cost is currently assumed by state appropriations, fees generated from increased projected use will enable the Facility to attain self-sufficiency.

Your Committee has amended the bill by including a provision, requested by the department of planning and economic development, requiring the adoption of rules to carry out the new responsibilities under the bill. Other technical, nonsubstantive amendments have also been made.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1758, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1758, S.D. 2.

Signed by all members of the Committee.

SCRep. 580 Ways and Means on S.B. No. 1751

The purpose of this bill is to rename the department of social services and housing as the department of human services and to create a Hawaii housing finance and development authority, primarily responsible for the development of affordable housing. The substantive provisions of the new chapter are taken from part I of chapter 356, Hawaii Revised Statutes, which gave the Hawaii housing authority under the department of social services and housing, the development authority.

Your Committee has made amendments to the bill which transfer the Hawaii development revolving fund and the elderly housing fund from chapter 359, Hawaii Revised Statutes, to the new chapter relating to a Hawaii housing finance and development authority. In response to testimony by the director of social services, your Committee has clarified the health care assistance functions of the newly created department of human services. Your Committee has further amended the bill by inserting a figure of \$1 in the appropriation provision.

Your Committee also made numerous technical, nonsubstantive corrections to the bill for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1751, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1751, S.D. 2.

Signed by all members of the Committee.

SCRep. 581 (Majority) Ways and Means on S.B. No. 1727

The purpose of this bill is to require fluoridation of all public water supplies in the State and to provide for the financing thereof.

Many scientific studies conducted over the past several years have proven that fluoride is effective in reducing tooth decay and other dental problems. Many of the largest cities in the United States have fluoridated their water without any undue effects. However, whenever the subject has arisen in communities whose water has not yet been fluoridated, there has been public outcry from significant segments of the population claiming that fluoridation causes a wide range of disorders such as allergies and other chronic ailments.

Your Committee heard testimony from numerous individuals, and after considering the ramifications of the issue, your Committee has decided to approve the bill.

Your Committee strongly believes that Hawaii's children deserve the opportunity to grow up with good dental health, and that fluoridation is the most effective means of achieving such public purpose. Your Committee also believes that the people should decide whether or not they want their water fluoridated, regardless of whether their opinions on the effects of fluoridation are valid or not.

Your Committee has amended the bill by deleting public referendum as a method of assessing public sentiment in support or opposition to fluoridation, based on a recommendation of the Department of Health, and has provided for greater flexibility in making this determination. Your Committee has also made technical, nonsubstantive amendments to this bill, and in light of the appropriations made, moved its effective date to July 1, 1987.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1727, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1727, S.D. 2.

Signed by all members of the Committee.
Senator Ikeda did not concur.

SCRep. 582 Ways and Means on S.B. No. 1725

The purpose of this bill is to make the shelter allowance set forth under the public assistance law flat amounts, instead of maximum amounts.

Under current law, the shelter allowance for public assistance recipients is based on family size and pays for actual shelter cost up to a maximum amount. This bill eliminates the requirement that shelter allowance be limited to actual cost paid for shelter. Thus, all families of the same size will receive the same amount of shelter allowance, even if some pay less than the statutory amount for shelter. The department of social services and housing has testified that the standardization will provide more equitable treatment for public assistance recipients and reduce errors by simplifying the eligibility process and determination of grant amounts.

The department has also recommended the repeal of section 346-53(f), Hawaii Revised Statutes (HRS), concerning supplement payments under the federal Supplemental Security Income program. The department states that subsection (f) is in conflict with section 346-52, HRS, which permits aged, blind, and disabled Supplemental Security Income recipients, who meet state need standards to apply for and receive public assistance benefits in accordance with state standards. Your Committee has made the amendment recommended and, for conformance purposes, amended section 346-51, HRS.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1725, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1725, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 583 Ways and Means on S.B. No. 1500

The purpose of this bill, as received, is to provide the Board of Trustees of the Employees' Retirement System with more flexibility in establishing the investment yield rate and other factors for actuarial valuations of the System.

Currently, the Board has the responsibility of adopting the System's noneconomic and economic assumptions based on the advice of an actuary with the exception of the investment yield rate. That rate is presently set by law at eight per cent.

Your Committee has amended this bill by:

- (1) Deleting the Board's authority to establish the investment rate and other factors for actuarial valuations of the System, beginning in fiscal year 1989; and
- (2) Continuing the investment yield rate through fiscal year 1987-1988 at eight per cent.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1500, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1500, S.D. 1.

Signed by all members of the Committee.

SCRep. 584 Ways and Means on S.B. No. 348

The purpose of this bill is to require the certification of respiratory therapy technicians by the board of medical examiners.

Under current law, respiratory care technicians are not regulated by the State. Your Committee finds that regulation is necessary for the public health and safety and that the board of medical examiners is the most appropriate body to implement the regulation.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 348, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 585 Ways and Means on S.B. No. 1192

The purpose of this bill is to establish the orientation of the Hawaii convention center, designate a small portion of the Ala Wai Golf Course as the convention center site, require and fund the improvement of the remaining portion of the golf course into an eighteen-hole course, create a convention center authority to plan, design, construct, manage, operate, and promote the convention center, earmark a portion of the annual proceeds from the transient accommodations tax to a convention center special fund, and appropriate moneys for off-site projects which are necessary to establish, mitigate the adverse effects caused by, or improve the operational efficiency and effectiveness of, the convention center.

After consideration of Senate Standing Committee Report No. 21 from the Committee on Tourism and Recreation and a public hearing on the bill, your Committee is more convinced of the desirability and correctness of the orientation towards visitor conventions and designation of a small portion of the Ala Wai Golf Course as the convention center site.

Expenditure of the large sum for the construction of the center can be justified only by a very favorable cost-benefit ratio. Only a convention center oriented to the visitor market is able to attract a large amount of out-of-state dollars. Infusion of out-of-state dollars and maintenance of a positive trade balance, rather than the mere circulation of dollars within a closed system, is the foundation for real economic growth. Thus, your Committee finds that the orientation of the convention center to the visitor market is in the best interest of the State and the only orientation which justifies the high costs of on-site and off-site construction and improvements.

Senate Standing Committee Report No. 21 provides more than sufficient justification for designation of the small portion of the Ala Wai Golf Course as the convention center site. Your Committee, however, takes this opportunity to add its comments. First, the Ala Wai Golf Course site is the most marketable after Fort DeRussy, as found in the Legislative Reference Bureau study. Since Fort DeRussy has been rejected because of acquisition cost and timing factors, the designated site is the obvious choice. Your Committee feels that the State cannot gamble the large amount necessary for construction on a site less marketable. Second, because of the orientation of the convention center, pedestrian and vehicular traffic will originate from Waikiki and head mauka. The concerns of residents of Kapahulu, Moiliili, and McCully have been seriously considered. Your Committee feels that the impact from traffic on those communities will be less harsh than expected because of the orientation of the center. In addition, your Committee reiterates the Committee on Tourism and Recreation's intent that the convention center have only few parking stalls to discourage local events at the center. Third, your Committee is committed to appropriating sufficient resources to mitigate the adverse effects on the Ala Wai Golf Course. Golfers, understandably, are concerned that they will be displaced. Your Committee assures them that the remaining portion of the course will be rebuilt into a high quality, safe, and challenging 18-hole course. In fact, members of the Senate have been exploring the possibility of obtaining the design services of Robert Trent Jones, perhaps the most famous and best golf course architect in the world.

For these reasons, your Committee concurs with the Committee on Tourism and Recreation that the small portion of the Ala Wai Golf Course designated in this bill is the best site for the convention center.

Your Committee finds that the entire State will benefit from a convention center, as economic activity will be multiplied from the out-of-state dollars imported by conventioners. To spread direct benefits to the neighbor islands, however, your Committee urges the convention center authority and other public agencies and private businesses and organizations to market and promote pre- and post-convention visitations to the neighbor islands by conventioners.

Your Committee has amended this bill by specifying that the convention center site shall be not more than twenty-five acres. This amendment allows some deviation from exactness. Your

Committee, however, intends that the site consist of approximately, but not more than, twenty-five acres. Your Committee has also amended this bill by replacing references to the "realignment" of the Golf Course with "rebuilding". The new term more accurately describes the extent of the intended improvement of the course.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1192, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1192, S.D. 2.

Signed by all members of the Committee.

SCRep. 586 Ways and Means on S.B. No. 1143

The purpose of this bill is to increase the per day compensation for each board member from \$45 to \$50 each day of actual service and to authorize reimbursement of expenses incurred by board members in the performance of their duties.

This bill is intended to encourage qualified persons to become or remain members of the State's four Boards of Registration.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1143 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 587 Ways and Means on S.B. No. 1170

The purpose of this bill is to provide the comptroller with the responsibility and authority to operate a comprehensive risk management and insurance program for the state government, excluding workers' compensation and public employee benefit programs which are covered elsewhere.

The bill also proposes the transfer of \$10.2 million for fiscal year 1987-1988 and \$10.7 million in fiscal year 1988-1989, from other departments to the state risk management revolving fund. This bill also requires that an additional \$5 million in both fiscal years 1987-1988 and 1988-1989 be deposited to the revolving fund from general revenues of the State of Hawaii.

The bill repeals chapter 41, Hawaii Revised Statutes, dealing with state insurance administration, and adds a new chapter thereto on state risk management and insurance administration to clearly specify the comptroller's authority in this area.

Your Committee has also made technical, nonsubstantive changes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1170, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1170, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 588 (Majority) Ways and Means on S.B. No. 1136

The purpose of this bill is to establish a Presidential Preference Primary election for Hawaii. This bill will implement, for the first time, the provisions of Article II, section 9, of the Hawaii State Constitution which allows the Legislature to statutorily authorize such an election.

Your Committee finds that in addition to providing a new avenue for opening up the election process, a Presidential Preference Primary would have several other benefits, including the following:

- (a) The general population of the State will be able to participate directly in the Presidential nomination process which is currently the domain of select party members.
- (b) The election will focus national attention on Hawaii and the Asia-Pacific region, as well as provide candidates with a natural forum to discuss various foreign policy issues.
- (c) There may be spin-off economic benefits, including campaign expenditures, and publicity on network news.
- (d) Conducted by mail, this election is expected to have a high voter participation rate at

a low cost, and will clean up the voter rolls months before the 1988 local primaries.

As proposed, candidates will be placed on the ballot by the Chief Election Officer or by petition, and the results will be proportionately binding on party delegates unless otherwise provided by national party rules.

Conducting the Presidential Preference Primary by mail would provide a unique "window" for campaigning between the time ballots are mailed out and the time they are received. If the tentative schedule for other states' caucuses and primaries remains unchanged, these dates would position Hawaii's Presidential Primary in the interim between the Nebraska primary on May 10, and the California primary on June 7. Because the 1988 Presidential races are anticipated to be hotly contested within both major parties, the relatively late date will not jeopardize the significance of Hawaii's primary, instead, it is the belief of your Committee that Hawaii may be in the advantageous position where its delegate votes could make the marginal difference between a candidate's winning or losing the nomination.

To cover the cost of the mail election, your Committee has amended the bill in Section 5 to include a general fund appropriation of \$743,000 for fiscal year 1987-88.

Your Committee has also made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1136, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1136, S.D. 2.

Signed by all members of the Committee.
Senator Henderson did not concur.

SCRep. 589 Ways and Means on S.B. No. 316

The purpose of this bill is to authorize the Hawaii Community Development Authority (Authority) to issue taxable public facility revenue bonds.

The Authority is currently authorized to issue tax-exempt revenue bonds to finance public facilities for the Kakaako Community Development District. The Authority had anticipated using those bonds for the construction of parking structures, but that would require financial backing by the State or a private entity, since revenues generated from parking fees would be insufficient to amortize the bonds issued to pay for the structures. However, the Federal Tax Reform Act of 1986 virtually eliminates the ability of government issuers of bonds, such as the Authority, to participate with private entities in a project using tax-exempt financing. Thus, the use of tax-exempt bonds for the construction of the parking structures would require public financial support.

Your Committee finds that as an alternative, taxable revenue bonds would be a feasible method of financing public parking facilities that allows the Authority to participate with private entities to complete the project with a minimum of government support.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 316 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 590 Ways and Means on S.B. No. 713

The purpose of this bill is to establish the "Aloha Wellness Fund", a state catastrophic illness fund to be run by a board of trustees, and to appropriate seed money therefor.

Your Committee has amended this bill by appropriating \$1 for the fiscal biennium 1987-1989 to establish and implement the fund and by making technical, nonsubstantive changes to conform to accepted bill drafting style.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 713, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 713, S.D. 2.

Signed by all members of the Committee.

SCRep. 591 Ways and Means on S.B. No. 922

The purpose of this bill is to have the Department of Budget and Finance conduct a study of

the feasibility of the Aloha State Bond Lottery and a comparison of the traditional lottery and bond lottery concepts, and appropriate funds for this purpose.

Your Committee received testimony that the Aloha State Bond Lottery provides an alternative to the traditional lottery programs considered by the Legislature. Unlike the traditional lottery ticket concept, however, the Aloha State Bond Lottery concept entitles the holder of the bond to participate in the drawing as long as the holder holds the bond, and the bond holder may demand a full return of the principal amount of the bond. Therefore, the Aloha State Bond Lottery minimizes the risks to the bond holder since the holder can demand a full return of the monies invested in the bond contest, and does not need to continue to invest monies in order to participate in the contest.

Your Committee has amended this bill to increase the appropriation for the study to \$100,000, based on testimony from the Department of Budget and Finance.

Your Committee has also made technical, nonsubstantive amendments to this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 922, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 922, S.D. 2.

Signed by all members of the Committee.

SCRep. 592 Ways and Means on S.B. No. 882

The purpose of this bill, as received, is to allow the revolving fund for the seed distribution program administered by the college of tropical agriculture and human resources to retain moneys in excess of \$35,000.

Under present law, any moneys in the seed distribution revolving fund in excess of \$35,000 is remitted to the state general fund at the end of each fiscal year.

Your Committee has amended the bill to raise the maximum limit from \$35,000 to \$50,000 rather than to make the fund limitless.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 882, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 882, S.D. 1.

Signed by all members of the Committee.

SCRep. 593 Ways and Means on S.B. No. 977

The purpose of this bill, as received, is to establish the Learning for Independent Future Excellence (LIFE) Program, which provides a mandatory employment and training program for applicants and for recipients of Aid to Families with Dependent Children.

Your Committee, upon consideration of the bill and the review of testimony from the Department of Social Services and Housing, has amended the bill by establishing a general workfare program, rather than the LIFE program specifically. The workfare program, patterned after the successful Massachusetts Employment and Training Choices program, and similar to the LIFE program, provides for voluntary participation in the program, rather than the mandatory requirement of the LIFE program.

This bill provides a much needed innovation for assisting welfare recipients to become economically self-sufficient. Investment is made in providing services such as job training, education, and support services.

Your Committee has further amended the bill by providing that the Department of Social Services and Housing may use or disclose information concerning applicants and participants in the workfare program in order to implement the program's components; the Department, in determining the needs of an applicant or recipient for public assistance, shall not consider as income any payment for services received by participants in the workfare program; and the definition of "employment" excludes service performed by a participant in the workfare program for purposes of temporary disability insurance.

Your Committee has appropriated the sum of \$1 for the purposes of the workfare program.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 977, as amended herein, and recommends that it pass Third Reading in the form attached hereto as

S.B. No. 977, S.D. 1.

Signed by all members of the Committee.

SCRep. 594 Ways and Means on S.B. No. 808

The purpose of the bill is to provide an appropriation for a study by the Legislative Auditor of the feasibility of a motor vehicle insurance fund, the effect of retention on motor vehicle insurance premiums, whether the proposed system would be better administered by the State or by private insurance companies, and the feasibility of repealing the take-all-comers provision in the existing motor vehicle insurance laws. The study is to include recommendations for reducing the amount of insurance premiums and dealing with the problem of uninsured motorists.

Your Committee has amended the bill to include reference to the provisions of S.B. No. 1297, relating to no-fault insurance, when listing those bills to be examined by the Legislative Auditor.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 808, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 808, S.D. 2.

Signed by all members of the Committee.

SCRep. 595 (Majority) Ways and Means on S.B. No. 716

The purpose of this bill is to allow nonprofit organizations to hold bingo games so these organizations can generate funds to operate their programs.

Your Committee finds that many nonprofit religious, charitable, and social service organizations have had their funds cut with the general reduction in funding for social service programs by the federal government. These organizations need to have other sources of revenue to run their programs. This bill will allow such nonprofit organizations to hold only one bingo game a year, for a maximum prize of \$100 per person or a maximum of \$500 as a jackpot prize.

Your Committee has made technical, nonsubstantive clerical amendments to this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 716, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 716, S.D. 2.

Signed by all members of the Committee.
Senator Henderson did not concur.

SCRep. 596 Ways and Means on S.B. No. 237

The purpose of this bill is to establish a provision for the delegation of hearing future contested cases to a hearings officer or officers appointed by the chairperson of the Board of Land and Natural Resources.

Currently, many controversies are resolved through the contested case hearing process pursuant to chapter 91, Hawaii Revised Statutes.

These hearings, attended by unpaid Board members, incorporate a schedule that revolves around their private sector employment with the attendant transportation and per diem costs.

This bill will allow the appointment of a hearings officer, who shall be exempt from civil service law, to issue subpoenas, administer oaths, hear testimony, find facts, and make conclusions of law and a recommended decision; provided that the conclusions are subject to review by the Board.

Your Committee heard testimony from the Department of Land and Natural Resources in support of this bill.

Your Committee has amended this bill by specifying that the sum of \$1 is to be appropriated for the purpose of hiring hearings officers authorized by this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 237, S.D. 1, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 237,

S.D. 2.

Signed by all members of the Committee.

SCRep. 597 Transportation on S.B. No. 239

The purpose of this bill is to lessen the requirements for motor vehicle inspections.

This bill repeals the six-month inspection requirement for vehicles that are ten or more years old and deletes the requirement that all other motor vehicles not included in section 286-26(a), Hawaii Revised Statutes, shall be certified every twelve months.

Your Committee received testimony from the Hawaii automobile dealers association, the Hawaii automotive and retail gasoline dealers association, council member Donna Kim, and the Maui contractors association in support of this bill. The department of transportation testified in support of the repeal of the six-month inspection requirement of vehicles ten or more years, however, opposed the deletion of subsection (b) requiring all other vehicles to be certified every twelve months.

Your Committee finds that the vehicle inspection certification process serves a necessary public purpose, even if the inspection itself remains rather cursory due to public resistance to an increase in inspection fees. Your Committee agrees that vehicles ten years of age or older need not be included in the category of vehicles which must be certified every six months.

Your Committee, upon consideration, has amended the bill to retain subsection (b) which provides for annual inspection certification of motor vehicles.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 239, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 239, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 598 Transportation on S.B. No. 584

The purpose of this bill is to restrict the use of permanent dealer license plates.

Your Committee finds that the present statutes have been challenged in court by several new motor vehicle dealers who have received citations for attaching the permanent dealer license plates to new vehicles utilized by management and certain sales personnel. The court has ruled that the statutes seem to indicate that the dealers were authorized to place these permanent dealer license plates on any new vehicle which is operated "exclusively for the purpose of the manufacturer's or dealer's business." In several instances, the court dismissed the citations because the statutes were deemed as being ambiguous.

This bill provides that only motor vehicles of the current model year, immediate past model year, or the next model year which have not been sold or registered by the manufacturer or dealer may attach the permanent dealer license plates.

The City and County of Honolulu is in favor of this measure. The original intent of permanent dealer plates was to allow new motor vehicles used as demonstrators to be placed under this statute, not to exempt from taxes and fees all new motor vehicles used by a new vehicle dealership for the conduct of their business. Your Committee believes that this measure will clarify some of the ambiguity present in the current statute regarding the use of permanent dealer license plates.

Your Committee has amended the bill by deleting the word "his" on page 1, line 7 and page 2, line 4 and substituting "the manufacturer's or dealer's", and deleting the word "him" on page 1, line 15 and substituting "the applicant" to conform to current statutory language.

Your Committee has further amended the bill by correcting the spelling of "visable" on page 3, line 15 and by making technical changes which have no substantive effect.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 584, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 584, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 599 Transportation on S.B. No. 1159

The purpose of this bill is to authorize the department of transportation to lien an aircraft for charges owing the airport as a result of that aircraft's operation.

The operation of an aircraft at a State airport results in landing fees, parking fees, holding room use charges, or hangar rentals. When such fees and charges become delinquent, the Department of Transportation experiences difficulty in obtaining payment. Allowing the Department a lien on aircraft would greatly aid in the collection of fees due from aircraft owners and operators.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1159 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 Holt.

SCRep. 600 Consumer Protection and Commerce on S.B. No. 27

The purpose of this bill is to require banks to disclose to their customers the type and amount of all fees associated with each of its accounts.

Your Committee finds that deregulation of the banking industry, while generating higher interest rates for depositors and a wider array of products, has also triggered an increase in bank service charges. The banking committee of the United States House of Representatives determined last year that charges for basic bank depository services almost doubled from an average cost of \$90 per household in 1979 to over \$180 in 1983. Your Committee further finds that consumers require information about the type and amount of all fees associated with each account they open at a financial institution.

This bill would address these concerns by requiring banks to:

- (1) Disclose the amount of each charge related to an account, or the method of computing the charge;
- (2) Provide a written notice of the disclosures provided by this bill;
- (3) Deliver the notice to customers with new accounts within ten days;
- (4) Provide notice to customers regarding changes in bank charges;
- (5) Provide notice to only one holder of a multi-holder account; and
- (6) Provide waivers to the provisions of this bill to an unincorporated association of individuals or a corporation.

Although your Committee received favorable testimony from the Department of Commerce and Consumer Affairs, the testimonies submitted by the banking community were less than supportive. The Hawaii League of Savings and Loan Associations testified that their members were already providing some of the services provided by this bill. Therefore, your Committee has amended the bill to delete item (3) of the list above, and deleted items (5) and (6) in the interest of brevity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 27, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 27, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Fernandes Salling, Kuroda and Matsuura.

SCRep. 601 Consumer Protection and Commerce on S.B. No. 448

The purpose of this bill is to propose technical language changes to section 487-14, Hawaii Revised Statutes, relating to restitution.

Specifically, the bill deletes the words "testified in" and inserts therefor the words "submits proof of entitlement to restitution", because a strict reading of the current statute would require the Office of Consumer Protection to put live witnesses on the stand even in default judgment cases, which is contrary to general practice. This bill would allow the Office to proceed in the same fashion as a private litigant at a proof hearing by either offering live testimony or submitting an affidavit or some other form of proof.

The bill would also delete the words "sustained damages" and replace them with "is injured" in

order to rectify the incongruity between the use of the word "restitution" and the word "damages," which are not the same thing.

Your Committee received supporting testimony from the Director of the Office of Consumer Protection and finds that this measure is necessary to strengthen and clarify the provision relating to restitution.

Your Committee has amended this bill by making technical changes which have no substantive effect.

Your Committee on Consumer Protection and Commerce 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 placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Fernandes Salling, Kuroda and Matsuura.

SCRep. 602 Consumer Protection and Commerce on S.B. No. 521

The purpose of this bill is to remove the requirement that provides a Contractors License Board hearing for cases where the Board refuses to renew a contractor's license.

Currently, the Board must provide a hearing in every case where the Board refuses to renew a contractor's license. Your Committee finds that the Board should not provide a hearing in cases where a licensee forfeits a license for failing to pay the renewal fee or submit all required documents such as a current financial statement, tax clearance, or proof of current liability and workers' compensation insurance by the renewal date. The Board will however provide an opportunity for a hearing in cases where the Board refuses to renew a license because it has reasonable cause to believe that a licensee has not maintained satisfactory financial integrity.

This bill will allow the Board to administer its affairs in a more effective and efficient manner and will insure expedient compliance by all licensees.

The bill also deletes provisions which provides the Board with certain powers for hearing proceedings. These powers are already provided under section 92-16, Hawaii Revised Statutes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 521 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 Chang, Fernandes Salling, Kuroda and Matsuura.

SCRep. 603 Consumer Protection and Commerce on S.B. No. 518

The purpose of this bill is to assure proper health supervision of children in families with health insurance.

This bill would require that all health insurance policies which provide coverage for a family member shall also include coverage for child health supervision services from the moment of birth to age five, including a history, physical examination, development assessment, anticipatory guidance, and appropriate immunizations and laboratory tests, in keeping with prevailing medical standards.

Your Committee heard supporting testimony from the Director of Health, the Hawaii Medical Association, the American Pediatrics Association, the Hawaii Nurses' Association, and others and finds that preventive health care supervision is cost-effective both in avoiding illness altogether and identifying problems early so that the damaging or disruptive effects of disease are minimized. Your Committee also finds that the private sector and the public should both assume the responsibility for and obtain the benefits necessary to insure that our children have access to optimal health supervision in their formative years. In addition, this proposal would complement the State's Early and Periodic Screening, Diagnosis and Treatment Program and the Department of Health's Child Health Conferences and related services, and will assure that services are available to the gap group.

Your Committee has amended the bill by clarifying that child health supervision shall be a mandatory option for all policies which cover the children of the insured.

Your Committee on Consumer Protection and Commerce is in accord with the intent and

purpose of S.B. No. 518, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 518, S.D. 2.

Signed by all members of the Committee except Senators Aki, Chang, Fernandes Salling, Kuroda and Matsuura.

SCRep. 604 Consumer Protection and Commerce on S.B. No. 815

The purpose of this bill was to require that every legislative measure proposing to mandate health insurance coverage for specific health services be accompanied by a report assessing the social and financial aspects of the proposed measure.

Your Committee heard testimony from the Insurance Division, Department of Commerce and Consumer Affairs, the Department of Health, the Healthcare Association of Hawaii, and the Hawaii Medical Service Association. Each supported the bill as a means of assisting legislators to evaluate whether a proposal is in the public interest.

The Director of the Department of Health recommended that health insurance companies which oppose a specific bill should have the opportunity of filing a dissenting report for the public record.

The Hawaii Medical Service Association noted that "similar statutes have recently been enacted in Pennsylvania, Arizona, Washington and Oregon."

In consideration of the testimony your Committee has elected to amend the bill as follows:

- (1) On page 2, line 20 is changed to read:
"... specific health services, specific diseases, or for certain providers"
- (2) A new Section -4 providing for dissenting reports has been added at page 5.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 815, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 815, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Fernandes Salling, Kuroda and Matsuura.

SCRep. 605 Consumer Protection and Commerce on S.B. No. 986

The purpose of this bill is to add a new chapter to the Hawaii Revised Statutes which would expand third party medical coverage to include alcohol and drug abuse and mental health services provided in licensed and accredited facilities.

According to the 1984 Statewide Household Survey, 85,515 adults in Hawaii are potential alcohol abusers and 40,841 are potential drug abusers. The Survey also reports that 86,101 adults exhibit psychiatric symptomatology and 19,145 exhibit severe psychiatric symptomatology. Based on national data, the cost to Hawaii from alcohol and drug abuse is estimated at \$723,320,000 and the costs associated with mental illness are \$298,380,000. Over half of these costs are due to lost employment and productivity within the work force.

Your Committee received testimony in support of this bill from the Director of Health, Hawaii Psychological Association, Hawaii Psychiatric Society, and many others, and finds that private health insurance coverage of the American population is so extensive that the level to which such coverage provides benefits for alcoholism, drug dependence, and mental health treatment has a major impact on health care costs and on the level and type of services delivered in these fields. Therefore, your Committee finds that this measure constitutes an effective, responsible, and humane social policy and is consistent with legislative efforts to provide for the public health.

Your Committee has amended the bill by providing that the Insurance Commissioner shall seek the advice of the Board of Medical Examiners and the Board of Psychology in adopting rules pursuant to section -7 of the bill, and that the rules shall be appropriate to contain the costs of insurance coverage and medical services, and shall include the maximum number of visits allowed per policy. Your Committee has also amended the bill by providing that section -7 shall be effective upon approval of the Act while the other provisions shall have an effective date of January 1, 1988.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 986, S.D. 1, as amended herein, and recommends that it pass Third Reading

in the form attached hereto as S.B. No. 986, S.D. 2.

Signed by all members of the Committee except Senators Chang, Fernandes Salling, Kuroda and Matsuura.

SCRep. 606 Consumer Protection and Commerce on S.B. No. 1286

The purpose of this bill was to increase the dollar amount of loans that must be reported to a bank's board of directors during their monthly directors' meeting from \$100,000 to \$300,000.

Your Committee heard favorable testimony from the Department of Commerce and Consumer Affairs which stated that the \$100,000 limit was set nine years ago and is extremely outdated when compared to the effects of rising inflation and real estate prices in that same period. Additionally, due to this low limit, the bank directors are backlogged in their loan review process which translates to a longer delay for the consumer.

Your Committee also heard favorable testimony from the Hawaii Bankers Association who testified that the bill should be further amended so that the loan review threshold is simply set at 1/2% of capital and surplus for each bank. Because of the disparate size of Hawaii's two largest banks from the others, this would alleviate their boards from reviewing loans that are substantially below the 1/2% of capital and surplus limit. Your Committee believes that while \$100,000 is too low, abolishing a dollar amount standard may discriminate against smaller banks whose thresholds will still remain at a much smaller amount.

Your Committee has therefore amended the bill by replacing the proposed increase to \$300,000 with \$500,000 while retaining the 1/2% capital and surplus limit, whichever is less requirement. Your Committee believes that this is an equitable standard for banks of all sizes. Your Committee further believes that this higher amount will ease the strain of bank boards overloaded with having to review simple and relatively small loans.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1286, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1286, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Fernandes Salling, Kuroda and Matsuura.

SCRep. 607 Consumer Protection and Commerce on S.B. No. 1098

The purpose of this bill is to provide that violators of cease and desist orders issued by the Insurance Commissioner shall not be relieved or absolved from any other liability, penalty, or forfeiture required by law.

Presently the law simply provides for cease and desist orders by the Insurance Commissioner. This bill would add language which appears to have been inadvertently deleted by Act 211, Session Laws of Hawaii, 1983.

Your Committee finds that this bill would prevent an insurance carrier, engaged in unfair claim settlement practices, from claiming that the cease and desist provision is an exclusive remedy.

Furthermore, the current cease and desist remedy is inadequate because the administrative procedure could be lengthy thereby allowing an insurance carrier to continue to engage in unfair and deceptive practices during the pendency of the administrative hearing; the revocation of an insurance carrier's license by the commissioner is not likely to occur since this would have a detrimental effect on innocent policy holders; and the administrative procedures do not afford compensation to the individual damaged by the insurance carrier.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1098 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 Chang, Fernandes Salling, Kuroda and Matsuura.

SCRep. 608 Consumer Protection and Commerce on S.B. No. 1525

The purpose of this bill is to update and revise Hawaii's insurance laws.

In 1985, the Legislature provided funds to the Insurance Commissioner for a comprehensive review of Chapter 431, Hawaii Revised Statutes. The report, along with recommendations, was submitted to the Legislature along with S.B. No. 1080, which represents the complete rewrite of Chapter 431 and Chapter 432, Hawaii Revised Statutes. S.B. No. 1525, S.D. 1, incorporates substantive changes to S.B. No. 1080 which were proposed by the Insurance Commissioner.

The following is a discussion of the new statutory sections which, pursuant to adoption of this measure, would be added to S.B. No. 1080, either as new material or as amendments to statutory material already contained in S.B. No. 1080:

Section 1 of the bill would establish a definition for "general business practice." "General business practice" would mean an established measure or model practiced or used at least three times in the general business community.

Section 2 would amend section 431:3-217(5) by linking the refusal, suspension or revocation of an insurer's certificate of authority to the definition of general business practice with respect to compelling claimants to accept less under policies.

Section 3 would establish a new section 431:6-321 that would permit domestic insurers to effect or maintain bona fide hedging transactions pertaining to securities.

Section 4 would establish a new section 431:6-322 to permit insurers to invest in a bank's common trust fund and mutual funds.

Section 5 would establish a new section 431:6-323 to permit insurers to create separate accounts from which retirement and pension plans may be established.

Section 6 would establish a new section 431:6-324 to permit domestic insurers to organize or acquire one or more subsidiaries, subject to certain limitations.

Section 7 would establish a new section 431:8-302 to clarify what constitutes a diligent search of authorized insurers before insurance may be placed with a surplus lines insurer. The section further provides that the diligent search requirement may be waived by the Insurance Commissioner in certain instances.

Section 8 would amend subparagraph 431:10C-202(a)(2)(D) to exclude occupation from consideration in determining motor vehicle insurance rates.

Section 9 classifies the consideration of a person's race, creed, ethnic extraction and other factors a discriminatory practice in establishing motor vehicle insurance rates. There is an identical provision in S.B. No. 1080.

Section 10 would amend section 431:10C-409(3)(D) to exclude occupation from consideration in making motor vehicle insurance rates under the joint underwriting plan.

Section 11 would establish a new article entitled "Insurance Holding Company System." The article includes provisions that would 1) require prior notice to and approval of the Commissioner before a person can seek to acquire control of a domestic insurer, (2) require members of insurance holding companies to file a registration statement with the Commissioner, (3) establish standards for transactions between an insurer and its holding company, (4) give the Commissioner the power to enjoin violations of this new article, (5) allow the Commissioner to place an insurer in receivership if its financial condition is threatened, (6) allow a receiver to recover moneys from a parent corporation or holding company under certain unlawful circumstances, and (7) give the Commissioner the authority to suspend or revoke an insurer's license under certain circumstances after notice and hearing.

Section 12 would establish a new section 431:14-105 to require all policy revisions which alter coverage in any manner to be filed with the Commissioner. This would allow the Commissioner to determine if the policy revisions are, in effect, rate filings.

Section 13 of the bill would amend paragraph 431:15-324(b)(1) to reflect the change made in section 431:15-332 relating to priority of distribution of assets upon an insurers' insolvency.

Section 14 would amend section 431:15-332 to remove guaranty fund expenses from class 1 of the priority of distribution for insolvent insurer's estates and making them a separate class 2.

Section 15 of the bill would amend section 431:16-109 to add a new subsection that would require the Hawaii Insurance Guaranty Association to submit an annual report to the

Legislature that provides an accounting of the assessments made during the year and a plan for the return of surplus moneys in the guaranty fund to policyholders.

Section 16 would establish a new section 431:20-115 to set forth the specific procedure for the use of the reinsurance reserve upon rehabilitation, liquidation or insolvency of a title insurer.

Your Committee heard testimony in support of the bill from the Insurance Commissioner. Your Committee also heard testimony from the Hawaii Independent Insurance Agents Association and Hawaii Insurers Council in support of the insurance law recodification proposal as a whole.

Your Committee did receive suggestions for revisions to this measure and has carefully evaluated the suggested amendments of the insurance industry representatives and has therefore amended the bill as follows:

Section 1 of the bill, which defines "general business practice," has been amended to require that an insurer's conduct occur at least three times in a calendar year. Your Committee finds that the definition of "general business practice," as originally proposed, lacked a specific time frame. The addition of the phrase "in one calendar year" would provide a specific time frame by which a pattern of practice may be discerned.

Section 7 has been deleted from the bill. Your Committee concurs with the Hawaii Insurers Council that the requirement that a risk must be declined by three authorized insurers in order to be deemed a diligent search would be overly burdensome and may discourage continued assistance by brokers.

Section 8 has been amended by deleting in paragraph 431:10C-202(a)(1) the reference to section 431:14-103. This amendment would conform the proposed change with the National Association of Insurance Commissioners' model legislation.

Section 8 has been further amended to include occupation as a rating factor in subparagraph 431:10C-202(a)(2)(D). Your Committee heard testimony from the Hawaii Independent Insurance Agents Association that invalidating occupation as a rating factor may also invalidate "business class" driving, which is rated differently from "pleasure" driving or "to and from work." Section 10 of the bill has also been deleted in accordance with the foregoing change.

Section 9 of the bill has been deleted because there is an identical provision in S.B. No. 1080.

Section 13 has been amended to conform the liquidator's proposal for liquidation provisions with the priority list for distribution of assets as provided in section 431:15-332. Since disbursements to all classes are not treated equally, the amendment would resolve the concern of the Hawaii Insurers Council that distributions made to guaranty funds are conditional while disbursement to other creditors are on an unconditional basis. Additionally, class 3 claimants were added to classes 1 and 2 which are to be included in a liquidator's proposed plan of liquidation. This conforms section 431:15-324 with the creation of an additional class under section 8 of the bill.

Section 15 has been amended by deleting the provision requiring an annual report. Your Committee finds that the guaranty fund's annual report, as well as the insurance division's audits, should be sufficient to alert the Commissioner to an unnecessary accumulation of money in the guaranty fund.

Your Committee has further amended the bill by adding a new section providing that this bill shall take effect upon its approval only if S.B. No. 1080, in any form passed by the Legislature, Regular Session of 1987, becomes an Act.

Your Committee has also amended the bill by renumbering the section numbers and by making technical changes which have no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1525, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1525, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Fernandes Salling, Kuroda, Matsuura and Nakasato.

SCRep. 609 (Joint) Health and Human Services on S.B. No. 1721

The purpose of this bill is to clarify the definition of child abuse or neglect for reporting purposes and expand the categories of persons required to report.

This bill increases the protection of children by clarifying the situations for which a report must be made. Also, professionals and officials mandated to report child abuse or neglect will be able to do so not only when examining, attending, or treating the child victim, but also when treating, examining, attending, or servicing other family members from whom information of possible child abuse or neglect is obtained. This bill also addresses confidentiality with respect to reporting and the consequences of non-reporting.

Your Committees, upon consideration of this bill and review of supporting testimonies amended the bill as follows:

- (1) References to reports were clarified by adding the words "to the department", "made to the department" and "by the department" in section 2, subsections (a) and (b) in order to distinguish between reports made to the Department of Social Services and Housing and the police department;
- (2) The definition of "child protective services" was deleted in section 3, as the definition for "Department" already encompasses the child protective services; and
- (3) Technical amendments were made to conform the bill to recommended drafting format.

Your Committees on Health and Human Services are in accord with the intent and purpose of S.B. No. 1721, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1721, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 610 Human Services on S.B. No. 1153

The purpose of this bill is to require the Child Support Enforcement Agency to maintain a special account for child support funds.

Presently, a state officer or employee who receives child support monies, has the responsibility for the initial custody, accountability, and disposition of the monies to be deposited in the state treasury. The use of this process entails delays in the disbursement of child support payments and could possibly generate law suits by custodial parents who do not receive their support payments in a timely manner.

Your Committee, upon consideration of this bill and the testimony from the Department of Social Services and Housing, finds that this bill will make it possible for the Child Support Enforcement Agency to provide timely service to the thousands of individuals receiving court ordered child support payments.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1153 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 611 Human Services on S.B. No. 1458

The purpose of this bill is to allow investigators to visit and communicate with an elderly person who is the subject of an abuse or neglect report.

Presently, there is a problem in obtaining access to visit and communicate with elderly individuals who are subject of an elderly abuse investigation from the Department of Social Services and Housing (DSSH). Sometimes, there may not be sufficient reported information to constitute "probable cause" to allow a police officer to enter a home. Since elder abuse may take the form of poor daily care, malnutrition, isolation and psychological abuse, all elements which may not be clearly visible and only suspected by a reporter, it is critical to talk to the alleged victim and determine the individual's situation.

Your Committee, upon consideration of this bill and the review of all testimonies, including the recommendations of the DSSH, believes that this bill should be amended by qualifying the visitation rights of the Department.

Accordingly, your Committee amended this bill by adding the following provision after the first sentence of the proposed new material:

"; provided that this shall not include the use of physical force and shall not interfere with the alleged victim's personal and civil rights to maintain a particular lifestyles."

The purpose of the amendment to the bill is to protect all people involved in the investigation, including social workers who should not be expected to use physical force to make caretakers open a door or provide entry.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 1458, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1458, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 612 Government Operations on S.B. No. 201

The purpose of this bill is to allow an irrevocable letter of credit, drawn on a financial institution, as security for the performance of a public contract.

Presently the laws require the contractor to provide a bond equal to 50% of the total contract price on all state contracts and 100% of the contract price paid in cases of construction of public works, building, roads or other site improvements. Several insurance companies have stopped offering surety bonding to contractors, resulting in higher premiums and in the case of small contractors, no bonding being available. This bill would allow contractors to submit an irrevocable letter of credit in lieu of the surety bond.

Your Committee, upon consideration of this bill and the review of numerous testimonies, believes that the irrevocable letter of credit will allow small business contractors the additional opportunity to bid and compete for state jobs.

Your Committee, to strengthen this bill, amended the bill by requiring that the expiration date of the irrevocable letter of credit be at least thirty days beyond the term of the contract and that the financial institution on which the letter of credit is drawn be federally insured.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 201, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 201, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 613 Government Operations on S.B. No. 288

The purpose of this bill is to permit the department of accounting and general services to adopt rules to control activities conducted in or around public buildings for the orderly use and management of public buildings.

The department has had problems with vagrants, alcoholics, and ambulatory schizophrenics bathing, sleeping, littering, and defecating on State land and within State buildings. The Honolulu Police Department will not appropriately respond to these problems until rules are adopted by the State.

The bill was amended by deleting the sentence which made a violation of the adopted rules a petty misdemeanor as your Committee feels that the penalty provisions of the applicable penal code should be applied.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 288, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 288, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 614 Government Operations on S.B. No. 328

The purposes of this bill are to repeal the requirement that appointed officers and all employees in the service of state or county government be residents of the State and to repeal the preference granted to state residents who have filed resident income tax returns or been claimed as dependents.

Your Committee supports the repeal of the requirement that employees and officers be residents of the State, as this requirement is believed to be unconstitutional. However, your Committee has amended the bill to retain the preference granted to state residents who have filed resident income tax returns or been claimed as dependents.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 328, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 328, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 615 Government Operations on S.B. No. 539

The purpose of this bill is to place a \$25,000 cap on the liquor license fee which a liquor commission may collect from any licensee as well as to require any liquor commission to revise its fee structure to conform with the new limit.

Currently, the Liquor Commission of the City and County of Honolulu has set maximums on the license fees it can collect. Neighbor island counties have maximum fees for manufacturers and wholesalers, but have not provided a limit for retailers, dispensers, clubs, cabarets, and hotels. The result has been license fees in excess of the amount needed for the operation of the counties' liquor commissions.

Your Committee feels that the excessive license fees can better be addressed by amending the law to require that current liquor license fees as well as changes thereto must be justified by a direct and proportionate relationship to the commissions' costs and expenses. Present statutory language can be construed as requiring this justification only when a new fee is being created or an existing fee is being increased. Your Committee has, therefore, amended the bill by inserting provisions which would require a liquor commission to lower the fees, if necessary, to bring receipts into line with costs and expenses and by deleting the proposed "cap" language.

To facilitate the reduction of excessive fees, your Committee further amended the bill so that only "increases" in the liquor license fee structure, rather than "changes", must be approved by the county's legislative body and mayor.

In addition, your Committee amended the bill by adding a new subsection which will require the liquor commissions to conform their fees and return or credit any excess funds collected.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 539, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 539, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 616 Government Operations on S.B. No. 588

The purpose of this bill is to allow the director of finance to require payment of delinquent vehicle taxes and penalties as a precondition for the registration, renewal or transfer of ownership of a vehicle.

Presently, the Office of the Ombudsman has taken the position that delinquent taxes and penalties should not be charged to a person other than the vehicle owner of record at the time the tax became due, unless the county files a lien pursuant to section 286-46, Hawaii Revised Statutes. However, it is administratively impossible for the counties to file a lien on all vehicles whose owners have not paid the required taxes by the registration date or who have paid with a bad check. This bill solves this problem by requiring that any tax or penalty delinquency be cleared before a transfer can take place.

Your Committee, upon consideration of the testimony presented by the Department of Finance of the City and County of Honolulu, finds that this bill would help prevent car owners from escaping their tax obligations.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 588 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 617 Government Operations on S.B. No. 589

The purpose of this bill is to provide an additional standard to determine if an inoperable vehicle is a derelict.

The present definition of a derelict requires that the vehicle be inoperable due to the removal of major component parts. Vehicles which have been rendered inoperable, due to material damage from an accident or vandalism, which are not missing a major part do not fall under this category.

Your Committee, upon consideration of this bill and testimony from the department of finance, finds that the expansion of the definition will allow the counties more discretion to determine if a vehicle is a derelict and to remove those vehicles from the streets.

Your Committee on Government Operations 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. 618 Government Operations on S.B. No. 590

The purpose of this bill is to allow the director of finance to dispose of license plates for stored vehicles whose registrations have been expired for more than one year.

In addition, the owner of the vehicle will be required to purchase new license plates and a new emblem if the vehicle is removed from storage.

A representative of the department of finance of the City and County of Honolulu testified that vehicles kept in storage for periods longer than one year are rarely removed. More than 7,000 sets of plates are presently in storage at the division of motor vehicles and licensing.

Your Committee has amended the bill by making technical changes for purposes of clarity.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 590, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 590, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 619 Government Operations on S.B. No. 593

The purpose of this bill is to uniformly regulate the indiscriminate use of fireworks throughout the state by allowing their sale and use only by permit issued by the respective counties.

In addition, this bill permits the use of fireworks only for the following purposes: (1) ceremonial, (2) religious, and (3) public display.

Presently, each county regulates the use and sale of fireworks within its jurisdiction and differences among the counties' regulations have resulted in widespread sale of illegal fireworks which were transferred from one county to another. The increased activity by unlicensed fireworks sellers have encouraged many people to ignore the permit process.

Your Committee received testimony in support of the bill from all four counties' fire chiefs, the Hawaii Fire Chiefs Association, Honolulu Police Department, Hawaii Public Health Association, Hawaiian Humane Society, Hawaiian Sugar Planters' Association, Oahu Sugar Company, American Lung Association, Monart Enterprises, three neighborhood boards and a concerned citizen.

Your Committee amended the bill to reflect the new misdemeanor penalties adopted by the City and County of Honolulu in 1986 and to allow the number of single firecrackers used for religious or ceremonial purposes to be determined by each county.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 593, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 593, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 620 Government Operations on S.B. No. 1024

The purpose of this bill is to explicitly allow the Liquor Commission to use covert operatives when investigating violations of the law relating to intoxicating liquor.

Though it is the policy of the Liquor Commission to seek the voluntary compliance of licensees, there are some licensees who consciously and surreptitiously violate the law. In these cases covert operations using undercover operatives may be necessary. During a recent hearing of the Liquor Commission of the City and County of Honolulu, a licensee challenged the Commission's authority to conduct covert investigations. This bill reaffirms the Commission's authority to conduct covert investigations, by explicit reference.

Your Committee has amended the bill by deleting as unnecessary, a proposed reference to "covert operations" in paragraph (2) of section 281-17, Hawaii Revised Statutes, as the authorization for such operations added to paragraph (9) of that section adequately accomplishes the intent of the bill.

Your Committee expanded the bill to include an amendment to section 281-45, Hawaii Revised Statutes, to clarify amendments made to the section in 1985 and to require both the transferee and the transferor of a liquor license to present a signed certificate from the Director of Finance and the Internal Revenue Service showing that they do not owe any delinquent taxes, penalties, or interest. These amendments would preclude a "clean" corporation from taking over a tax indebted operation without first satisfying tax delinquencies, penalties, or interest.

Your Committee further amended the bill by adding amendments to section 281-91, Hawaii Revised Statutes, to update violation notification requirements and the fine ceiling to reflect the Commission's current case load and the need for flexible deterrence.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1024, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1024, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 621 Government Operations on S.B. No. 1729

The purpose of this bill is to control the rental of private residences to groups of unsupervised or unrelated individuals by licensing and regulating them under Chapter 445, Hawaii Revised Statutes.

This bill incorporates changes which will more clearly define various types of living arrangements subject to county licensure, and places group homes and group living under licensure, thereby making such arrangements subject to county licensure and supervision.

Your Committee heard testimony in support of the bill from the Department of Health and the Department of Finance of the City and County of Honolulu.

Your Committee, upon consideration of this bill, believes these measures will be effective in giving the county and the state authority to control unlicensed group living situations which have caused disturbances in neighborhoods.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1729, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 622 Government Operations on S.B. No. 1765

The purpose of this bill is to authorize the transfer of parks between the State and the counties, including the transfer of related improvements, personnel, equipment and other resources.

Presently there are parks that the counties own and manage that should more logically be run by the Department of Land and Natural Resources (DLNR) and vice versa. Both the State and the counties believe that large parks with less intensive use, where the natural resource values play a key role, should be operated by the DLNR and parks with more intensive recreational use should be operated by the counties.

Your Committee heard testimony in support of the bill from the Board of Land and Natural Resources, the Department of Parks and Recreation of the City and County of Honolulu, and the Conservation Council of Hawaii and finds that this measure will allow for the better

utilization of Hawaii's natural and recreational resources.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1765, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 623 Agriculture, Energy and Ocean Resources on S.B. No. 948

The purpose of this bill is to prohibit the use of any nets in Hilo harbor, except for baiting, crabbing, taking pua for fish ponds or the use of throw nets.

The chairperson of the board of land and natural resources testified that anglers who fish with poles and lines from the shores of Hilo Bay have complained that large amounts of fish are caught by a few fishermen using gillnets. The use of gillnets deprive the anglers from catching fish because the fish are caught in the net before coming close to shore. Further, the fish that are able to get away from the nets are afraid to come close to shore again for fear of getting caught in the nets. The nets also interfere with the anglers' lines and are a hazard to boaters when nets are set across boating channels.

The department of land and natural resources responded to the anglers' concerns and made amendments to the rules prohibiting the use of gillnets in the inner portion of Hilo Bay. However, current language in Section 188-34, Hawaii Revised Statutes, allows the use of draw, drag, or seine nets by "persons using their catch solely for home consumption." The anglers expressed concern that gillnets could be "converted" to seine nets simply by fishing them actively. This bill would conform to the department's amended rules to prohibit the use of certain nets in Hilo bay.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 948 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 Holt.

SCRep. 624 Agriculture, Energy and Ocean Resources on S.B. No. 982

The purpose of this bill is to amend Section 152-6, Hawaii Revised Statutes (HRS), to allow the Department of Agriculture to enter into cooperative agreements with landowners or land occupiers for the control or eradication of a noxious weed infestation.

Currently, the law allows for such cooperative agreements to be made with landowners only. This bill would allow for cooperative agreements with land occupiers as well.

The Chairperson of the Board of Agriculture testified that this "housekeeping" measure would clarify the language of Chapter 152, to provide for better administration of this chapter.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 982 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 Holt.

SCRep. 625 Agriculture, Energy and Ocean Resources on S.B. No. 997

The purpose of this bill is to amend Section 187A-10, Hawaii Revised Statutes, by deleting the bond requirement required of license agents.

The original intent of this law was to provide a convenient means for the general public to obtain a fishing license by having the licenses available at sporting goods stores or other general merchandising stores located throughout the island, rather than having to go through the fish and game wardens.

The bond requirement was established to provide a security to the State for the faithful accounting and payment of licenses sold by the agents. In past years the rate charged for the fidelity bond was \$3.50 per \$1,000 of coverage. This rate has since increased to \$30.00 per \$1,000 of coverage, which has discouraged persons from continuing as license agents.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 997 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 Holt.

SCRep. 626 (Joint) Agriculture, Energy and Ocean Resources and Housing, Hawaiian Programs and Natural Resources on S.B. No. 481

The purpose of this bill is to clarify that the surface owner or the owner's assignee shall have the first right to apply for a mining lease if minerals are found in reserved lands within a geothermal resource subzone.

Presently, developers of geothermal resources take a considerable risk when doing exploration drilling as they do not know whether there is an economically producible resource present in the area they are drilling.

This bill would ensure that a developer, whose efforts and funds have been expended to explore geothermal resources, would not lose the opportunity to lease and develop the resource to somebody else.

Mid-Pacific Geothermal, Inc. and True Geothermal Energy Company proposed amendments to further clarify the intent of this bill. Upon consideration, your Committees concur with the True Geothermal Energy Company amendments which:

- 1) Deletes the phrase "within a geothermal resource subzone: on page 1, lines 8-9. This phrase undermines the original intent of the section to apply to leases for all minerals and not only those relating to geothermal energy.
- 2) Deletes the words "to apply" on page 2, line 10 and substitutes "of refusal". This amendment would be consistent with the intent of the bill, to grant an occupier or the occupier's assignee the right of first refusal in obtaining a geothermal mining base on reserved lands within a geothermal resource subzone.
- 3) Adds new language on page 2 to read "the board may grant a geothermal mining lease for lands not within a geothermal resource subzone if the lands are contiguous to an existing geothermal resource subzone and under a common ownership; provided that the lands not within a geothermal resource subzone are designated as a geothermal resource subzone and all other applicable permits are obtained before the lands are used for development activities." This amendment clarifies that the exploration costs and investments incurred in developing the parcel of land contiguous to the land for which a mining lease is being sought will be protected against third parties not connected with the surface owner and its developers.

Your Committees on Agriculture, Energy and Ocean Resources and Housing, Hawaiian Programs and Natural Resources are in accord with the intent and purpose of S.B. No. 481, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 481, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Senator Holt

SCRep. 627 Agriculture, Energy and Ocean Resources on S.B. No. 599

The purpose of this bill is to clarify the statutes regarding the replenishment of sand on public beaches.

This bill:

1. Limits to one gallon, the amount of sand, coral, rocks, soil, or other beach or marine deposits which may be taken from a public beach for noncommercial use;
2. Deletes reference to beach replenishment at Hilo Bay, Waikiki, Ala Moana and Kailua beaches to allow State or county government agencies to mine submerged sand deposits to replenish any public beach;
3. Specifies that State and county agencies may clear sand from mouths of drainage pipes and canals and stream mouths, for public improvement maintenance purposes; and
4. Prohibits the mining of sand, coral, rocks, soil or other beach or marine deposits from Hakipu'u sandbar, offshore of Mollie fishpond, Oahu.

The language in this section was adopted in 1982 (as Section 205-33, Hawaii Revised Statutes, now renumbered 205A-44) in order to allow replenishment of sand on public beaches from offshore sand deposits and to reduce the need to install shoreline structures against beach

erosion.

Your Committee received testimony from the Department of Parks and Recreation, the Department of Land and Natural Resources (DLNR), the Department of Planning and Economic Development (DPED), the Department of Accounting and General Services and the Environmental Center at the University of Hawaii in support of this bill.

Your Committee, upon consideration of this bill and the recommendations of the DLNR and DPED, has made the following amendments:

1. Deletes reference to Section 205-33, Hawaii Revised Statutes, which was repealed by Act 258, Session Laws of Hawaii 1986, and replaces it with Section 205A-44;
2. Deletes from subsection (a) the phrase ", or other beach or marine deposits from the shoreline area, or within 1,000 feet seaward from the shoreline, or in water of 30 feet or less in depth in the territorial sea,";
3. Adds to subsection (a)(1) the words "per person per day;" after the word "gallon";
4. Deletes new material for subsection (b) which makes reference to Hakipu'u sandbar and re-lettering following subsections accordingly;
5. Adds a new section to Chapter 171 to read: "Prohibitions. The mining or taking of sand, dead coral or coral rubble, rocks, soil or other marine deposits seaward from the shoreline is prohibited except with a permit authorized under section 183-41."; and
6. Adds a new section to Chapter 188 to read: "Prohibitions. The taking of live coral from within one thousand feet seaward from the shoreline or in waters of thirty feet or less in depth is prohibited except with a permit authorized under section 187A-6 and section 183-41.".

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 599, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 599, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 628 Agriculture, Energy and Ocean Resources on S.B. No. 944

The purpose of this bill is to add labeling requirements to the general rule making power of the department of agriculture.

Under this bill, the department shall establish rules for labeling of all fresh or processed agricultural products for consumption or sale within or without the State to provide information as to grade, standard, weight, composition, point of origin, and any commingling of local and out-of-state products.

The chairperson of the board of agriculture testified that the department currently has rule making powers for certain labeling requirements for specific commodities. This additional rule making authority is more comprehensive and will allow the department to address problems concerning labeling without having to seek specific legislation.

Your Committee has amended the bill by making technical changes which have no substantive effects.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 944, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 944, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 629 Agriculture, Energy and Ocean Resources on S.B. No. 959

The purpose of this bill is to provide that any person with a long-term lease subject to withdrawal by the board of land and natural resources shall be compensated for all improvements made to the leased land being withdrawn.

Currently leased land for intensive agricultural and pasture uses are subject to withdrawal by the board of land and natural resources with reasonable notice and without compensation, with a few exceptions. This bill allows for compensation for all improvements made to the land by

the lessee upon withdrawal of the land.

Your Committee received testimony from the chairperson of the board of land and natural resources and the Sierra Club.

Your Committee, upon consideration of the testimony, has amended the bill to provide that compensation shall not be made for any "unauthorized" improvements and to limit compensation to the non-amortized portion of the legally constructed improvements.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 959, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 959, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 630 Agriculture, Energy and Ocean Resources on S.B. No. 1518

The purpose of this bill is to allow direct use applications of geothermal resources to be conducted both within and outside of geothermal resource subzones that are located within urban, rural, and agricultural districts without the issuance of a county geothermal resource permit.

Presently, Section 205-5.1, Hawaii Revised Statutes (HRS), is unclear about the permissibility of direct use applications of geothermal resources outside of a geothermal resource subzone. This bill clearly provides that direct use outside of a geothermal resource subzone is permitted. Further, a geothermal resource permit is not required both within and outside of areas designated as geothermal resources subzones, where that application is in conformance with other applicable state and county land use regulations and with the provisions of Chapter 205, HRS.

Your Committee received testimony from the Hawaii county geothermal energy advisory committee, the department of planning and economic development, the natural energy laboratory of Hawaii, the Hawaii county administration, the department of land and natural resources and the Thermal Power Company in support of this bill.

Your Committee has amended the bill by correcting the spelling of "absence" on page 2, line 20, and by making other nonsubstantive changes to conform with recommended drafting style.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 1518, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1518, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 631 Agriculture, Energy and Ocean Resources on S.B. No. 1710

The purpose of this bill is to clarify the language of Chapter 150, Hawaii Revised Statutes, relating to seeds.

This administration bill designates the department of agriculture as the official seed certifying agency for the State of Hawaii, adds new terms to the list of definitions and amends existing definitions, updates and clarifies existing language to conform this chapter with the Federal Seed Act and the Recommended Uniform State Seed Law.

The department of agriculture recommended amendments to the bill which would exempt from labeling and germination testing seeds brought into the State without the intention of being sold in Hawaii. Accordingly, the "or" on page 7, line 20, page 8, line 22, and page 11, line 7 have been replaced with "and". Your Committee has further amended the bill by making nonsubstantive changes for the purpose of clarity and conformance with recommended drafting style.

Your Committee also received testimony from the dean of the college of tropical agriculture and human resources of the University of Hawaii stating that the department of agriculture is the appropriate state agency for certifying seeds.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 1710, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1710, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 632 Agriculture, Energy and Ocean Resources on S.B. No. 1711

The purpose of this bill is to clarify the language of Section 166-4, Hawaii Revised Statutes (HRS), pertaining to the exemption of agricultural parks from planning, zoning, subdivision, construction, and building standards under certain conditions.

This "housekeeping" measure also provides for the approval of agricultural parks by the Land Use Commission, rather than by the county legislative body, where a land use district boundary amendment is required. This bill conforms the provisions for exempt agricultural park projects to those for exempt housing developments.

Your Committee received testimony from the Land Use Commission in opposition of this bill. The Land Use Commission is concerned that 45 days may not permit the commission sufficient time to conduct hearings and to complete the necessary review procedures if district boundary changes are to be made.

Your Committee believes that few, if any, agricultural parks will be developed outside of the present agricultural land use district. Therefore, it is not necessary to require the Land Use Commission to process agricultural park approvals within 45 days. Your Committee, upon consideration of the testimony, has amended the bill to delete all references to the Land Use Commission.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 1711, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1711, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 633 Military and Civil Defense on S.B. No. 501

The purpose of this bill is to specifically name the mayors of each political subdivision as deputy directors of State Civil Defense.

This bill also provides that the Governor may remove a mayor as deputy director and appoint an alternate individual in the event that it becomes necessary to ensure coordination and effectiveness in response to emergencies or disasters affecting public safety; provides the deputy directors with "ultimate" responsibility for their respective Civil Defense organizations while, at the same time, subjugating them to the control and direction of both the Governor and the director of Civil Defense; and allows the deputy directors to independently select their full-time assistants (Civil Defense administrators) in accordance to the law and rules of civil service.

Your Committee finds that this bill will enhance public safety by insuring that civil defense operations are directed by a civil defense professional with appropriate training.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 501 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 634 Judiciary on S.B. No. 436

The purpose of this bill is to correct references in various sections of the Hawaii Revised Statutes which refer to chapter 191 which was repealed by Act 174, Session Laws of Hawaii 1985.

Your Committee has made a technical correction on page two of the bill, which has no substantive effect.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 436, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 436, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 635 (Majority) Judiciary on S.B. No. 734

The purpose of this bill is to provide for indirect initiative, except as to matters pertaining to appropriations of public funds and the levy of taxes.

Your Committee finds that initiative provides a vital option to citizens in providing direct input into the decision making process of government, and can be used as a last resort when necessary, to ensure lawmakers remain responsive to the electorate. Initiative essentially can be a legal demonstration that there is enough voter support on an issue for it to be brought to the entire electorate.

Your Committee received numerous testimony in favor of initiative. Some testimony was submitted in opposition to this bill, primarily relying upon the opinion that certain issues may be too complex and hence not adaptable to initiative and that initiative may be used by special interest groups to the disadvantage of the general public. Your Committee finds the reasons cited against this bill are unwarranted as the bill provides for legislative review and modification of matters proposed by initiative. Your Committee further finds that initiative, as proposed by this bill, would supplement and not supplant the legislative process.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 734, 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 Holt.
Senators Chang and Kuroda did not concur.

SCRep. 636 Judiciary on S.B. No. 801

The purpose of this bill is to bring Hawaii in line with the trend of authority regarding premarital agreements across the nation, and end uncertainty as to the enforceability of premarital agreements in Hawaii.

This bill provides for a premarital agreement if prospective spouses are contemplating marriage. The bill sets out the areas which may be dealt with in such an agreement, and the standards to protect prospective spouses. Because people in Hawaii as well as people from other states have previously executed premarital agreements, the bill also validates and makes enforceable agreements entered into prior to the enactment of this Act.

Your Committee believes enforcement of premarital agreements which meet the criteria of this bill will avoid protracted divorce litigation by making the outcome of litigation more predictable and encourage settlement. However, prospective spouses are not required to make premarital agreements, and may still have all issues in a divorce determined by the Family Court.

Your Committee has amended the bill by deleting the words "not" and "if" in Section -6 of the bill, and inserting the phrase "and shall be binding in any action unless". Your Committee has made this amendment to clarify the intent of the bill, which is to insure that premarital agreements are binding when made within the standards of this Act. It is clear in Section -6 that a premarital agreement is binding and enforceable only if the agreement is voluntary and is conscionable when executed.

Your Committee has added Section -10, which follows the premarital agreement statute in the State of Virginia. Your Committee intends that this amendment validate an existing agreement if it is otherwise valid or enforceable under this Act. If there are pre-existing agreements between spouses, your Committee's intent is that such agreements shall also be valid and enforceable if they are otherwise valid as contracts.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 801, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 801, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 637 Judiciary on S.B. No. 787

The purpose of this bill is to provide greater protection for educational workers. This bill makes it a Class C felony to assault an educational worker who is engaged in the performance of duty or who is within an educational facility.

Your Committee recognizes that not all employees of the Department of Education (DOE) are engaged in an educational function. It is those persons who supervise or discipline or provide security to students who need the protection afforded by this bill.

For this reason, the bill was amended to include school security personnel within the purview of this bill. These workers provide general supervision on school campuses and are often called upon by school administrators and faculty to handle violent or disruptive persons within the school. Your Committee finds that this amendment is consistent with the intent of the bill.

In addition, the bill was amended to clarify the definition of "educational worker", to include all persons under the control of the Department of Education carrying out an educational function. The amendment is intended to include within the definition of "educational workers", persons such as coaches, referees, and officials of athletic events, as well as volunteer instructors for educational projects. Persons such as custodians, cafeteria and maintenance workers employed or under the control of the Department of Education are not intended to be covered by this bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 787, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 787, S.D. 1.

Signed by all members of the Committee except Senator Holt.

SCRep. 638 Judiciary on S.B. No. 1067

The purpose of this bill is to establish guidelines for the selection and retention of per diem district judges by the chief justice of the supreme court and to establish the minimum number of days a per diem judge shall serve.

Currently, per diem judges are used extensively within the district courts. In fiscal year 1985-1986, the total hours served by per diem judges was equivalent to 14 additional full-time judges. Full-time judges are screened, by the Judicial Selection Commission, prior to both appointment and retention to ensure that the judges are qualified and have performed satisfactorily. This process is to ensure that only qualified persons serve on the bench.

Under the present system, the Judicial Selection Commission does not participate in either the initial screening or the retention decision of per diem district judges. Unlike the appointment of other justices and judges, the selection is left entirely to the decision of one person, the chief justice of the supreme court. The significant role played by per diem judges in our judicial system makes it inappropriate to have the chief justice alone make appointment and retention decisions with no input from the Judicial Selection Commission.

Your Committee found that in fiscal year 1985-1986, the length of service among the per diem judges varied considerably from two hundred twenty-four days to one day. Your Committee could not discern any reason to retain per diem judges who are unwilling or unable to work at least 3 days a month. Furthermore, your Committee believes that regular experience on the bench is likely to improve the performance of per diem judges. Therefore, this bill requires that per diem judges serve a minimum of three days a month.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1067, 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 Holt.

SCRep. 639 Judiciary on S.B. No. 66

The purpose of this bill is to provide that a person who fails to appear for any subsequent answer, hearing, or trial date set by a court for a traffic violation is guilty of a violation as provided in the Penal Code and that this provision does not affect the power of the court to regulate its proceedings and punish any person whose failure to appear delays proceedings before the court.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 66 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 Holt.

SCRep. 640 Judiciary on S.B. No. 832

The purpose of this bill is to allow the service of process and orders in civil matters to be made by any competent adult.

The legislative auditor, in its recent audit of the Judiciary, identified the service of process as an area of significant abuse. There is no reason which prevents the service of civil process

and orders by competent persons other than deputy sheriffs. Your Committee finds that this bill will assist in rectifying the abusive situation. In addition, your Committee finds that significant state resources may be saved under this bill by releasing judiciary personnel, including deputy sheriffs, to other duties.

The Judiciary does not oppose this bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 832 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 Holt.

SCRep. 641 Judiciary on S.B. No. 1138

The purpose of this bill is to propose an amendment to Article II, Section 1, of the Constitution of the State of Hawaii to change the age qualification for voting to include all those persons who shall have attained the age of eighteen on or before December 31 of the year in which the election is held.

At the present time, a person is eligible to vote if the person attains the age of eighteen on or before the date of the election. Consequently, those who become eighteen after the latter part of September are not eligible to vote in the primary election and those who become eighteen after the beginning of November are not eligible to vote in the general election.

Your Committee believes it is important to stimulate the interest of young people in the electoral process. It has been found that, generally, those who vote when they are first eligible tend to vote regularly throughout their adult lives.

Your Committee finds that this bill, will by expanding voter eligibility to include all those who attain the age of majority during the election year, increase interest in the electoral process.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1138, 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 Holt.

SCRep. 642 Judiciary on S.B. No. 868

The purpose of this bill is to amend the penal code by establishing two new offenses of negligent injury in the first or second degree if a person causes serious or substantial bodily injury, as the case may be, to another person by operating a motor vehicle in a negligent manner.

Your Committee received testimony from the Department of the Prosecuting Attorney, City and County of Honolulu, supporting this bill.

Under present law, if someone is killed in a negligent manner, for example by drunken driving, the offense is a negligent homicide. There is no comparable criminal offense if the person is crippled. The bill remedies this situation by providing a class C felony penalty for causing serious bodily injury by the operation of a motor vehicle in a negligent manner and a misdemeanor penalty for causing substantial bodily injury.

The bill also increases the penalty for negligent homicide in the first degree to a class B felony and for negligent homicide in the second degree to a class C felony.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 868 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 Holt.

SCRep. 643 Judiciary on S.B. No. 37

The purpose of this bill is to propose an amendment to Article III, section 10, of the Constitution of the State of Hawaii to allow recesses to occur at some time or times after the date that all bills to be considered in a regular session are introduced, rather than at some period between the twentieth and fortieth days of the regular session, and to require the dates of the mandatory recess be determined by concurrent resolution adopted by a majority vote of the members of each house.

Your Committee believes that the proposed arrangement will provide the legislature with greater flexibility to handle the session workload in the most efficient manner possible.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 37 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 Holt.

SCRep. 644 Judiciary on S.B. No. 576

The purpose of this bill is to require every legislator and employee to report the source of any gifts if certain conditions are met.

Under the proposed law, legislators and employees would be required to file gift disclosure statements with the state ethics commission on June 30 and December 31 of each year. Statements would cover the preceding six months and would be required to include a description of each gift received, the value of each gift, the date each gift was received, the name and address of the person or business from whom each gift was received, and a description of the principal business activity of the person or business from whom each gift was received. The bill excludes from the reporting requirement certain gifts, such as gifts received by inheritance, gifts from certain relatives, gifts that are returned within thirty days, and commercially reasonable loans.

Your Committee received favorable testimony on this bill from the chairperson of the State Ethics Commission. The Commission believes that the proposed law would valuably complement the gifts section of the State Ethics Code, section 84-11, Hawaii Revised Statutes, which prohibits legislators or employees from soliciting or accepting any gift under circumstances in which it can reasonably be inferred that the gift is intended to influence the legislator or employee in the performance of official duties or is intended as a reward for any official action. The Commission could review the gifts disclosure statements to determine whether there have been any violations of section 84-11, Hawaii Revised Statutes.

The Commission also believes that there will be a deterrent effect under the proposed law on the donation of large gifts to state employees or legislators because those gifts will have to be reported and the reports are to be public records.

The Commission feels that the public has a right to know the source of large gifts that are given to state employees and legislators. This bill will promote public confidence in state government and public officials because the public will be able to see whether there have been significant influences on certain employees or legislators. To the extent that the disclosures reveal that most state employees and legislators have not received significant gifts, the public can be confident that its officials are not undermining the integrity of state government.

Your Committee considered the amendments suggested by the State Ethics Commission and has amended the bill in the following respects:

1. In section 84- (a)(1): the words "or gifts" was added to "gift" to provide for gifts from one source whose aggregate amount would require their disclosure; and the aggregate value of gifts subject to the proposed law was increased from "in excess of \$25" to "in excess of \$100" to eliminate the reporting of relatively small gifts and to be consistent with campaign contribution laws.
2. The language of section 84- (a)(2) was replaced with: "The source of the gift or gifts has interests that may be affected by official action or lack of action by the legislator or employee" to better clarify the standard that will determine when a gift must be disclosed.
3. In section 84- (d)(4) the phrase, "if publicly reported as contributions as required by law" was replaced with "that comply with state law". This would clarify that political campaign contributions that comply with state law are not required to be reported under this gifts disclosure law. As originally written, this section would have exempted only campaign contributions that are publicly reported.
4. A new paragraph (8) was added to section 84- (d) to provide for "Exchanges of equal value on holidays, birthdays, or special occasions" to allow for gift exchanges between state employees or legislators and their friends on special occasions.
5. A new subsection (g) was added to provide that the proposed law shall not affect the applicability of section 84-11, to make clear that the prohibition on the solicitation or receipt of certain types of gifts found in section 84-11 is not in any way affected by the

disclosure requirements of this bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 576, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 576, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 645 (Majority) Judiciary on S.B. No. 266

The purpose of this bill is to set up provisions to elect the attorney general for the State of Hawaii. The attorney general is responsible for protecting the legal rights and interests of the people of the State of Hawaii.

Your Committee heard testimony from the state attorney general-designate that forty-three out of the fifty states elect their attorney general. The testimony also pointed out that the role of the attorney general varies from state to state and that Hawaii has a particularly powerful attorney general.

The genesis of this bill emanates from the often expressed concern that an appointed attorney general cannot act independently of the governor who appointed him or her. Certainly, it is difficult, although not impossible, for an appointed attorney general to take positions contrary to the governor. Therefore, your Committee believes, in order to dispel any doubts as to whether the chief legal advisor and law enforcement officer of the State will act independently of the governor, that the attorney general be elected.

Your Committee is aware of the possibility that there could be problems between the governor and an elected attorney general but believes that the public deserves the right to elect the attorney general.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 266 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 Holt.
Senators Chang, Cobb and Kuroda did not concur.

SCRep. 646 Judiciary on S.B. No. 797

The purpose of this bill is to make technical and grammatical changes to several sections of the Hawaii Penal Code. As changes are made to the Penal Code, it is necessary to bring other sections of the Hawaii Revised Statutes into conformity with these changes. This bill amends the Hawaii Revised Statutes in the following ways:

- a) Section 706-610 to include the crimes of first and second degree murder and attempted murder as exceptions to crimes which if unspecified would be Class C felonies;
- b) Section 707-74 to change sexual intercourse to sexual penetration to conform with the changes in definitions of sexual crimes;
- c) Section 351-32 conforms with current statutes the kinds of crimes for which victims are eligible for compensation;
- d) Section 708-831 makes the language of the statute gender neutral, and adds taking the equine species as one of the possible crimes of theft in the second degree;
- e) Section 710-1077 changes the language of the contempt of court offense to gender neutral language, and makes the disobeying or resisting the process or injunction of court a crime if it is knowingly done;
- f) Section 711-1100 changes the punctuation in the definition section to conform to other definition sections;
- g) Section 712-1213 makes the language gender neutral, removes reference to a section which has been repealed, and removes "word" or "words" as surplusage;
- h) Sections 712-1240 and 712-1242 to include dosage units as part of the definition of the crime of promoting a dangerous drug in the second degree;
- i) Section 712-1249.5 includes the words "of marijuana" in subsection (2) to correct the definition of the crime of commercial promotion of marijuana;

g) Sections 712-1253 and 712-1255 to make technical amendments in the present statutes.

Your Committee believes these changes will clarify the present statutes and make it easier for persons to know what constitute crimes as well as make it possible to enforce these laws.

Your Committee on Judiciary 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 placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 647 Health on S.B. No. 990

The purpose of this bill is to expand the persons and organizations to whom confidential information regarding sexually transmitted diseases may be released and to further provide that the release of information can be required by the administrative rules of the Department of Health (DOH).

Presently, confidential information can only be released if required by statute and only to a very limited number of agencies or organizations.

Your Committee received favorable testimony from the Hawaii Medical Association, DOH, and the Life Foundation and finds that the release of information by administrative rule will facilitate the DOH in treating and controlling sexually transmitted disease. Additionally, this bill will allow for the release of confidential information to blood banks, plasma centers, schools and other organizations that could directly impact the public safety.

Your Committee upon consideration of the bill and the testimony of the Life Foundation has amended the bill as follows:

1. To provide for the confidentiality of information on who has been tested for a sexually transmitted disease. Your Committee believes that this will encourage submission to the testing by persons who would otherwise be hesitant to be tested for fear of that information being released.
2. To provide for the expansion of the diseases which must be reported by the adoption of administrative rule by the DOH. This provision will allow the timely classification of diseases by the DOH rather than be subjected to the legislative process.
3. The general provisions for release of confidential information for statistical purposes and the protection of health have been deleted.
4. To provide that when confidential information is permitted to be released, it shall be done by oral communication. Your Committee believes that this form of communication should lessen the possibility of the information being dispersed by mistake or inadvertence.
5. Added a provision requiring anyone to whom information is released pursuant to the enabling paragraphs of subsection (a) shall be likewise subject to the principles of strict confidentiality provided in subsection (a).
6. Added a provision that would prevent the release of confidential information for housing, employment, insurance, or education reasons.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 990, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 990, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 648 Consumer Protection and Commerce on S.B. No. 1342

The purpose of this bill is to establish procedures by which recovery from the Travel Agency Recovery Fund may be pursued where the recovery is based on a consent judgment.

The bill also requires periodic renewal of registration for travel agencies and sales representatives and provides specific powers and duties to the Director of the Department of Commerce and Consumer Affairs to regulate travel agencies.

Current procedures for pursuing recovery from the Fund do not specifically address the situation where recovery from the Fund is based upon a consent judgment. This has led to one

court's interpretation that recovery from the Fund is allowed only if the recovery is based on a judgment obtained through a lawsuit.

This bill clarifies the law by allowing payment from the Fund as a result of a consent judgment.

Your Committee has amended the bill by making technical changes as follows:

- (1) Page 5, line 1, the comma after "(e)" has been underscored as it is new material.
- (2) Page 5, line 5, the word "the" has been deleted since it is not in the existing statute.
- (3) Page 5, line 11, the word "director" has been replaced with the correct word "trustees".

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1342, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1342, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Chang, Fernandes Salling, Kuroda and Matsuura.

SCRep. 649 Consumer Protection and Commerce on S.B. No. 1283

The purpose of this bill was to amend Section 408-15, Hawaii Revised Statutes, to allow industrial loan companies to: (1) charge insurance premiums in lieu of perfecting a security interest in the collateral, to the extent that the premium does not exceed the comparable filing fees; (2) collect insurance premiums for casualty loss to personal property that the borrower owns, but which is not a security for the loan; and (3) collect insurance premiums for involuntary unemployment insurance.

The Federal Trade Commission's credit practices rule of 1986 generally prohibits the taking of household goods as collateral other than in a purchase money situation. This bill would restore industry practices which existed prior to the Federal Trade Commission's rule change.

Your Committee heard testimony from the Hawaii Financial Services Association that the bill would expand the insurance protection industrial loan companies can offer their customers. Your Committee also received testimony from the Division of Financial Institutions that the provisions of the bill are not in conflict with the Federal Trade Commission's Credit Practice Act and that the Division does not oppose the bill.

Your Committee has amended the bill by adopting the recommendation of the Hawaii Financial Services Association to delete the provision allowing industrial loan companies to sell "non-filing" insurance. Hawaii Financial Services Association indicated that this insurance would be of only minimal benefit to the borrower.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1283, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1283, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Chang, Fernandes Salling, Kuroda and Matsuura.

SCRep. 650 Consumer Protection and Commerce on S.B. No. 1395

The purpose of this bill is to reinsert motorcycles and motor scooters into the take-all-comers, noncancellation, and nonrenewal provisions of the no-fault law as specifically relates to liability, medical payment, or income disability coverage, but not personal injury protection as required of other motor vehicles.

Act 231, Session Laws of Hawaii 1985, removed motorcycles and motor scooters from the no-fault law under the assumption that such action would attract specialty insurance carriers to come to Hawaii and sell liability policies, which motorcycle and motor scooter drivers were still required by law to carry. At that time, it was believed by many concerned that specialty companies would be eager to come and charge lower rates than other companies had been charging under no-fault. However, such was not the case, and now there are only one or two companies writing policies for motorcycles and motor scooters and their rates have increased dramatically.

Your Committee heard testimony from the Hawaii Business League, the Hawaii Insurers Council, and the Department of Commerce and Consumer Affairs (DCCA), and finds that motorcycleists and motor scooter drivers cannot get insurance because the few insurance companies still writing such business require an applicant to have at least six months of riding experience, and the counties require a driver to have insurance before they will issue a permit or license. This double bind, in the opinion of your Committee, encourages bikers to go uninsured and is contrary to the intent of Act 231.

Your Committee also finds that the high cost and general unavailability of motorcycle and motor scooter insurance would not be improved by placing motorcycles and motor scooters back under no-fault, as suggested by DCCA. On the contrary, your Committee believes that if such were the case, insurance rates could easily double or triple and carriers would still be reluctant to write such coverage.

The solution appears to lie in informing specialty companies that if they come to Hawaii to do business, they would have a large and eager clientele needing liability insurance awaiting their arrival. In the meantime, your Committee finds that there is a need to increase the availability of liability insurance and that this bill is sufficient for that purpose. However, your Committee believes that the reluctance of the counties to issue permits or licenses must also be addressed, and has therefore amended the bill to provide that insurance companies must honor any request for basic liability, medical payment, or income disability insurance provided that the applicant has either obtained a learner's permit or has graduated from a course in motorcycle safety or driver education which has been approved by the Department of Transportation. This amendment would allow new bikers to get insurance before obtaining a permit and increase the opportunity for currently licensed drivers to obtain needed liability coverage if they do not already have it.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1395, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1395, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Aki, Chang, Matsuura and A. Kobayashi.

SCRep. 651 Consumer Protection and Commerce on S.B. No. 444

The purpose of this bill is to improve the laws regulating the practice of barbering.

Your Committee heard testimony from the Board of Barbers which stated that although Act 138, Session Laws of Hawaii, 1986 strengthened the laws regulating barbers, further clarification was needed.

This bill provides the clarification by:

- 1) Amending the definition of "barber shop" to permit the practice of cosmetology in barber shops;
- 2) Providing specific exceptions as to where a barber may practice outside of a barber shop;
- 3) Authorizing the Board to administer temporary permits;
- 4) Providing redress to persons aggrieved by the denial or refusal of a certificate or temporary permit issued by the Board;
- 5) Deleting the requirement that applicants before the Board must submit proof that they are free from infectious or contagious diseases;
- 6) Providing more flexibility to the Board in administering its examination;
- 7) Deleting the apprentice examination because an apprentice should not be examined prior to learning barbering, but after completing barber training;
- 8) Clarifying the issuance of temporary permits to out-of-state applicants and apprentices and lowering the age requirement for temporary permits from eighteen to seventeen;
- 9) Deleting the requirement that prohibits an applicant from practicing barbering after the applicant has failed the examination three times; and

10) Requiring a fee for temporary permits.

Your Committee has amended the bill by expanding the proposed exceptions to places where a barber may practice to include a barber school and a person's private home, office, or hotel room when requested to do so. This change would cover those locations that are considered acceptable places of practicing barbering.

Your Committee has also amended the bill by making technical changes which have no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 444, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 444, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Chang, Fernandes Salling, Matsuura and A. Kobayashi.

SCRep. 652 Consumer Protection and Commerce on S.B. No. 1323

The purpose of this bill is to establish a new chapter on Limited-Equity Housing Cooperatives and to repeal chapter 421G, Hawaii Revised Statutes (HRS), the existing provisions relating to Limited-Equity Housing Cooperatives.

This bill provides for all of the existing laws on limited-equity housing cooperatives but also provides for the registration of the housing cooperatives with the Real Estate Commission in the same fashion as horizontal property regimes under Chapter 514A, HRS.

Your Committee received favorable testimony on this measure and finds that housing cooperatives should be treated in a similar fashion to horizontal property regimes. In this respect, your Committee has amended the bill by incorporating the mandatory arbitration provisions for condominiums in this chapter and by adding additional provisions for the use of proxies.

Your Committee also received testimony from the Department of Commerce and Consumer Affairs which objected strenuously to the provision which would exempt housing cooperatives from the securities law. The Department felt that the exemption could create loopholes for people wishing to promote fraudulent schemes relating to housing cooperatives. Your Committee agrees with the Department and has therefore amended the bill accordingly.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1323, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1323, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Chang, Fernandes Salling, Matsuura and A. Kobayashi.

SCRep. 653 Consumer Protection and Commerce on S.B. No. 1245

The purpose of this bill was to subject guaranty corporations to the requirements of Chapter 92, Hawaii Revised Statutes.

Presently, guaranty corporations are not considered an agency or instrumentality of the State of Hawaii and are therefore excluded from the open meeting and public scrutiny requirements of Chapter 92.

Your Committee heard testimony from the Grand Pacific Life Insurance Company and an agent from Business Mens Assurance to the effect that nonprofit legal entities such as guaranty corporations should come under the purview of Chapter 92 to allow public scrutiny and financial accountability. However, your Committee also heard testimony from the Division of Financial Institutions and the Thrift Guaranty Corporation of Hawaii in opposition to the bill on the grounds of privacy and the fact that there are pending lawsuits relating to Thrift Guaranty.

In view of the fact that the Thrift Guaranty is winding down its operations and there are pending lawsuits involving that organization, your Committee amended the bill to delete Sections 1 and 2 of the bill. The effect of the amendment is to remove the Thrift Guaranty from the scope of the bill while retaining the Hawaiian Insurance Guaranty Association and the Hawaiian Life and Disability Insurance Guaranty Association within the measure.

Your Committee on Consumer Protection and Commerce is in accord with the intent and

purpose of S.B. No. 1245, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1245, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Aki, Chang, Matsuura and A. Kobayashi.

SCRep. 654 Consumer Protection and Commerce on S.B. No. 1278

The purpose of this bill is to enable the licensure as a psychologist of persons who were affected by the change in licensure requirements in 1985.

Act 115, Session Laws of Hawaii 1985, changed the statutory educational requirements of persons applying for licensure as a psychologist in the State. Act 115 required applicants to hold a doctoral degree from a training program approved by the American Psychological Association (APA) or a doctoral degree from a regionally accredited institution of higher education, and to satisfy the experiential requirements for inclusion in the National Register of Health Service Providers for Psychology.

Your Committee heard testimony from Mr. Eric Seitz, attorney, that previous to Act 115, the Board of Psychology had discretion to license doctoral recipients whose training and education in the field of psychology were "adequate to the satisfaction of the Board." Act 115 removed the discretionary power of the Board thereby placing hardship upon a small group of licensing applicants who received their doctoral degrees in reliance upon previous licensing provisions, under which they may have been qualified to obtain licensing in Hawaii. This bill would remedy the situation described above by allowing persons in said group to apply for a license.

Your Committee is concerned that the passage of this bill may lead to litigation by individuals whose psychology licensure applications are denied by the Board. It is your Committee's intent that the Board, assisted by the graduate division of the University of Hawaii, rather than the courts, shall be the proper authority for determining whether applicants meet licensure requirements.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1278 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 Aki, Chang, Fernandes Salling, Matsuura and A. Kobayashi.

SCRep. 655 Consumer Protection and Commerce on S.B. No. 319

The purpose of this bill is to delete language authorizing the Commissioner of Financial Institutions to grant a "conditional approval" of an application for a bank charter; and provide appeals directly to the circuit court for applicant banks, savings and loan associations, trust companies, industrial loan companies, and escrow depositories after an application is denied by the Commissioner.

Presently, the law provides various appeals processes to applicants of financial institutions whose applications have been denied by the Commissioner. This bill would allow these applicants to appeal their cases directly to the circuit court.

Your Committee finds that this bill would simplify the review process by providing uniformity in the review of administrative decisions made by the Commissioner.

Your Committee also concurs with the opinion of the Department of Commerce and Consumer Affairs that a "conditional" approval in the case of a bank application is inappropriate. There should be either an acceptance or a denial of the application.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 319 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 Aki, Chang, Fernandes Salling, Matsuura and A. Kobayashi.

SCRep. 656 Consumer Protection and Commerce on S.B. No. 522

The purpose of this bill is to strengthen the laws relating to the liquidation of state-chartered banks.

Specifically, the bill:

- (1) Provides a list of specific priorities common in depositor preference legislation that will enable the Federal Deposit Insurance Corporation (FDIC), as receiver of a failed bank, to more efficiently settle the affairs of the receivership.
- (2) Deletes the requirement which provides notice to depositors, creditors and other interested persons upon the commissioner of financial institutions taking control of the bank.
- (3) Provides the failed bank with an opportunity to apply to the circuit court to enjoin further proceedings within ten days after the bank is closed.
- (4) Provides a remedy for an aggrieved bank, but does not jeopardize the FDIC's efforts to effect a purchase and assumption transaction which is the best transaction for maintaining banking services in the community.
- (5) Exempts the FDIC from the requirement of posting of a bond. The FDIC, in its role as receiver and insurer of deposits should not be required to post a bond.

This bill would improve Hawaii's laws relating to depositor preferences and liquidation in a closed bank context. Your Committee received favorable testimony from the Department of Commerce and Consumer Affairs.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 522 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 Aki, Chang, Fernandes Salling, Matsuura and A. Kobayashi.

SCRep. 657 Consumer Protection and Commerce on S.B. No. 632

The purpose of this bill is to allow insurers to invest in bonds or evidence of debt secured by real property located in Guam, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia, or the Republic of the Marshall Islands.

Current law allows insurers the opportunity to invest its funds in first mortgages on real property located within the United States. This bill would increase the scope of permissible investments and allow insurers to invest in first mortgages on property located in the American Flag Pacific Islands: Guam, the Commonwealth of the Northern Mariana Islands, the Federated States of Micronesia or the Republic of the Marshall Islands.

There are restrictions on the transfer of land in all of the islands except Guam. In the three other areas, persons other than citizens are not permitted to hold title to land. The alternatives available to outsiders include the use of third party intervenors, and long term leases. Due to the restrictions on alienability and the difficulty of reselling property, few lenders, even those with federal government guarantees make mortgage loans in these areas. Your Committee finds that real estate security in these areas present high risk potential.

Therefore, your Committee has amended the bill by excluding all American Flag Pacific Islands except Guam from the bill. Your Committee has also made technical changes which have no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 632, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 632, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Chang, Fernandes Salling, Matsuura and A. Kobayashi.

SCRep. 658 Consumer Protection and Commerce on S.B. No. 1112

The purpose of this bill is to require all health insurance policies and medical service corporation contracts to include a one time only medical benefit coverage for in vitro fertilization for achieving pregnancy.

Your Committee received favorable testimony for this bill and finds that one state requires such coverage and several states are contemplating requiring such coverage. Your Committee further finds that several insurance companies presently provide such coverage. One of the

reasons for the providing of such health insurance coverage is that the in vitro fertilization procedure is no longer considered to be experimental.

Presently, health insurance carriers provide coverage for every other infertility diagnostic test and treatment, including microsurgery, laparoscopy, and tuboplasty. Your Committee believes that the in vitro fertility procedure should also be offered as an alternative procedure for achieving pregnancy but because of the cost containment factor, this procedure should only be offered as a one time only benefit.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1112 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 Aki, Chang, Fernandes Salling, Matsuura and A. Kobayashi.

SCRep. 659 Consumer Protection and Commerce on S.B. No. 978

The purpose of this bill was to reduce the asbestos-related hazards to workers and their families by insuring that only properly trained contractors engage in asbestos-related activities such as application, enclosure, removal, and encapsulation.

The bill also established licensing requirements for contractors who work with material containing asbestos.

This bill would:

- (1) Provide for the licensure as a specialty contractor of a person who works with asbestos;
- (2) Provide licensing requirements;
- (3) Provide appropriate authorities with inspection authorization of job sites where asbestos is used;
- (4) Provide penalties and fines for violations of the provisions of the bill; and
- (5) Allow persons currently licensed to work with asbestos one year to obtain licensure under this bill.

The bill was first heard by your Committee on February 20, 1987, upon which occasion there had been general agreement among witnesses as to its worthwhile intent, but not as to certain proposed clarifying amendments. The chairman of your Committee held the bill for one week to give interested parties time to come together as an interim working group and seek consensus. When the bill was called up again, the Contractors License Board's spokesman submitted a proposed Senate Draft 1 to the bill, noting that it reflected substantial consensus, and supported passage of the bill in the amended form.

Your Committee concurs with the recommendations proposed by the interim working group which has amended the bill by:

- (1) Specifying the kind of asbestos under consideration as friable asbestos or asbestos containing material that may become friable;
- (2) Deleting reference to workers in the findings and purpose section, since their safety would be more appropriately under the purview of the Department of Labor and Industrial Relations (DLIR);
- (3) Authorizing the Board to provide for permitted activities as an asbestos contractor;
- (4) Describing in more detail the work of an asbestos contractor;
- (5) Requiring asbestos contractors to meet the requirements under section 444-111, Hawaii Revised Statutes, relating to contractor licensing requirements;
- (6) Requiring the Board to initiate and maintain cooperative agreements with the Department of Health, DLIR, or any other state, federal, or county department or the University of Hawaii; and
- (7) Not providing any person with a classified specialty license of C-24 (Building moving and wrecking contractor) with a year to obtain the license provided in this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 978, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 978, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Chang, Fernandes Salling, Matsuura and A. Kobayashi.

SCRep. 660 Consumer Protection and Commerce on S.B. No. 1079

The purpose of this bill is to delete the existing limitations on the issuance of investment certificates and debentures by industrial loan companies and instead replace it with a minimum capital requirement.

The bill also sets forth the regulatory framework for ensuring compliance with the requirements.

All industrial loan companies in Hawaii that issue investment certificates and debentures are now required to have these accounts insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC). With the acquisition of the federal deposit insurance by the industrial loan companies, it is no longer necessary to limit the amount of thrift accounts a company has outstanding, based on its paid up capital and surplus. However, in order to ensure that the companies are operating in a prudent and sound manner, this bill sets forth minimum requirements for the companies' capital to assets ratio.

This bill would:

- (1) Essentially repeal subsection 408-14(c), Hawaii Revised Statutes, on investment certificates and debentures issued by industrial loan companies. The subsection presently provides guidelines for establishing a ratio by which the Commissioner can regulate and monitor industrial loan companies;
- (2) Require industrial loan companies to maintain a minimum capital level based on FDIC regulations;
- (3) Require the Commissioner of Financial Institutions to monitor and serve a notice of intent to issue an order on industrial loan companies that fall below minimum levels within twenty days from the Commissioner's determination;
- (4) Provide the industrial loan company served, twenty days to file an explanatory response to the Commissioner;
- (5) Require the Commissioner to provide the industrial loan company served with a determination explaining the Commissioner's findings and recommendations;
- (6) Allow the industrial loan company served to request a reconsideration of the Commissioner's findings; and
- (7) Allow the Commissioner's order to be appealed to the circuit court.

Your Committee has adopted the recommendations of the Commissioner of Financial Institutions and has amended the bill by:

- (1) Providing the Commissioner requisite flexibility in determining minimum levels of industrial loan companies;
- (2) Deleting the twenty day requirement on the Commissioner to serve a written notice of intent to issue an order. The requirement is too restrictive and may cause confusion and problems; and
- (3) Distinguishing between an industrial loan company that has thrift accounts and one that does not.

Your Committee has also amended the bill by correcting a technical error on page 5, line 20, the word "deficiencies" should read "deficiency" as provided by statute.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 1079, 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 placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Chang, Fernandes Salling, Matsuura and A. Kobayashi.

SCRep. 661 Consumer Protection and Commerce on S.B. No. 1277

The purpose of this bill was to clarify language in Section 460J-19, Hawaii Revised Statutes, relating to wood-destroying pests or inspection reports.

This bill:

- 1) Replaces the reference to "wood-destroying pest" with "termite";
- 2) Clarifies the situation that a written inspection report does not need to be made in order to provide an estimate and require that estimates be done in writing;
- 3) Places into law the intent and purpose of an inspection report stipulated on the currently prescribed form (by the board) to be one of locating "visible" termite infestations; and
- 4) Clarifies that there are no guarantees or a warranties in an inspection report.

Your Committee received favorable testimony for this measure and finds that inspections should be conducted prior to a consumer entering into a contract for termite treatment. This bill clarifies the reporting process which will benefit both the consumer and lenders who rely on such reports.

Your Committee, upon consideration of the bill and the recommendations of the Hawaii Pest Control Association has amended the bill as follows:

- 1) Retaining language on page 2, line 2 and 3, referring to "report" and deleting the establishment of the "written estimate on a form prescribed by the board"; and
- 2) Deleting paragraph (7) on page 2 as the "treatment and cost" are included in an estimate and not a report but retaining that provision elsewhere in the bill to continue to require written estimates before entering into a termite treatment contract.

Your Committee on Consumer Protection and Commerce 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 placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Aki, Chang, Matsuura and A. Kobayashi.

SCRep. 662 Consumer Protection and Commerce on S.B. No. 954

The purpose of this bill was to streamline the initial complaint procedure of the Medical Claims Conciliation Panel (MCCP) by requiring a claimant to produce a certificate attesting that he or his representative has consulted with a licensed physician who is knowledgeable about the particular action and who has concluded that there is a reasonable possibility of actionable negligence. It also allows the chairman of the MCCP to extend the hearing dates for extraordinary cause.

Your Committee heard favorable testimony from the Hawaii Medical Association who testified that 72 percent of the 615 medical malpractice claims filed with the MCCP found the defendants not liable. The certificate requirement would assist the claimant in determining whether the claim has merit and would accelerate the claims process. Your Committee also heard favorable testimony from the Hawaii Federation of Physicians and Dentists who testified the bill would reduce the number of frivolous claims brought before the MCCP.

Your Committee heard opposing testimony from the Hawaii Academy of Plaintiffs Attorneys who stated that currently it is very difficult to get physicians to testify against each other and that obtaining a certificate from them would be next to impossible. The Department of Commerce and Consumer Affairs joined with the Academy in stating that our system is one of the best in the nation, especially because it allows for "pro se" cases, and any changes of this nature would only have a detrimental effect.

Your Committee finds that changes need to be made to the current MCCP filing procedure to insure promptness and discourage the filing of frivolous claims. However, your Committee has strong reservations about requiring a claimant to obtain a physician's certificate indicating possible negligence, since peer pressure would make this a highly difficult requirement to meet. Your Committee also has reservations about giving the chairman of the Panel the authority to extend hearings for extraordinary cause as your Committee finds that the chairman currently has power to extend for good cause.

With these determinations in mind, your Committee has amended the bill in the following manner:

- (1) Changed the proposed new language beginning on page 1, line 14, to read: "Any claim shall be accompanied by a statement from the claimant or the claimant's representative that the claimant or the claimant's representative has consulted with

at least one physician who is licensed in this State or any other state and who the claimant or the claimant's representative reasonably believes is knowledgeable in the relevant issues involved in this particular action;" and

- (2) Deleted the language allowing the chairman to extend the hearing date for extraordinary cause and substituted therefor a provision allowing extension upon the written consent of all parties.

The purpose of the first amendment is to retain the original intent to ensure that a claimant has consulted a physician regarding the claim but to not require a written statement that there is a possible negligence claim. Your Committee believes that a claimant would not continue forward with a claim if a negative response to recovery was obtained from the physician. The purpose of the second amendment is to ensure that unnecessary delays and postponements are kept to a minimum and thus reduce the costs to all parties and ease the workload of the M CCP.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 954, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 954, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Aki, Chang, Matsuura and A. Kobayashi.

SCRep. 663 Consumer Protection and Commerce on S.B. No. 341

The purpose of this bill was to limit the time financial institutions can hold checks and other negotiable instruments before crediting them to the account of the depositor/payee or otherwise honoring such instruments.

Your Committee received testimony from the Hawaii League of Savings Institutions, the Hawaii Credit Union League, and the Hawaii Bankers Association in opposition to the bill on the grounds that it would unreasonably limit the time required in the normal check collection and settlement process.

The Senior Vice President and Director, Correspondent Services Division, Federal Home Loan Bank of Seattle, Jeffrey D. Bell, neither supported nor opposed the bill but explained the collection and settlement process at length. His flow charts depicted the time usually required for checks of various descriptions to be processed locally and through the Federal Reserve Bank system on the mainland. He stated that the imposition of mandatory check hold periods could give rise to check "kiting," an unlawful operation wherein an individual deposits a check at Institution A drawn on an account at Institution B which lacks sufficient funds to cover the check. If the individual is allowed to withdraw funds before Institution B gives notice that it dishonored the check, the individual has successfully "kited" the check, and the paying bank (Institution A), and ultimately consumers, are the losers.

The Commissioner of Financial Institutions recommended that the disclosure provisions of the law be strengthened.

Your Committee had reservations concerning testimony to the effect that Congress is considering legislation dealing with the check hold float time subject, for similar reports had been heard in previous years. Your Committee was concerned, however, with the vulnerability to check kiting which might ensue if mandatory time limits were imposed and has therefore amended the bill by deleting the proposed amendments.

Your Committee has also amended the bill by requiring depository banks to provide to customers who open a checking account or if there is a change in bank policy, a written notice showing fund availability with respect to local, out-of-state, and foreign checks drawn on U.S. financial institutions.

The bill was also amended to require the Commissioner to adopt rules to establish reasonable periods for check hold and fund availability with respect to local, out-of-state, and foreign checks drawn on U.S. financial institutions.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 341, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 341, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Fernandes Salling, Matsuura and A. Kobayashi.

SCRep. 664 Consumer Protection and Commerce on S.B. No. 337

The purpose of this bill was to implement recommendations of the Legislative Auditor pursuant to its sunset report on the Board of Private Detectives and Guards.

The bill would do the following:

- (1) Extend the Board until December 31, 1993;
- (2) Delete the provisions requiring applicants for licensure and employees of licensed detectives and guards to disclose whether they have been treated for psychiatric or psychological disorders or ever been advised to do so;
- (3) Raise the bond required of each licensee from \$5,000 to \$25,000;
- (4) Delete the good moral character requirement for licensure;
- (5) Delete the Board's authority to conduct investigations of an applicant's background, character, and competency as it deems appropriate; and
- (6) Enable the Board to obtain criminal history checks on license applicants from the Hawaii Criminal Justice Data Center.

Your Committee received testimony from the Board of Private Detectives and Guards and the Honolulu Police Department and finds that the Board should be continued. However, your Committee does not concur with some of the recommendations of the Auditor as expressed in this bill, and therefore your Committee has amended the bill as follows:

- (1) Changed all age requirements for licensure as private detective or guard to eighteen, because your Committee believes that any age higher than the legal age of majority would be unduly restrictive;
- (2) Provided that the Director of Commerce and Consumer Affairs shall receive criminal history information on license applicants directly from the Hawaii Criminal Justice Data Center and that employers may obtain the same information regarding their employees in the same manner;
- (3) Extended the Board for ten years, until December 31, 1997;
- (4) Retained the psychiatric and psychological disclosure provisions because your Committee is concerned about cases such as the Amfac incident;
- (5) Restored the bond to its previous level of \$5,000, because \$25,000 is overly restrictive;
- (6) Retained the Board's authority to conduct investigations of the applicant's background, etc.; and
- (7) Changed the reference to "Board of Private Investigators and Guards" on page 3, lines 20 and 21, to read "Board of Private Detectives and Guards," in order to be consistent with the definition of "Board" in section 463-1, Hawaii Revised Statutes.

Your Committee believes that with these changes, the continued regulation of private detectives and guards will be effective and sufficient to protect the public and ensure that such activities are conducted in a reputable and responsible manner.

Your Committee on Consumer Protection and Commerce 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 placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Aki, Chang, Matsuura and A. Kobayashi.

SCRep. 665 Consumer Protection and Commerce on S.B. No. 284

The purpose of this bill was to require certain financial institutions that provide mortgage insurance to a mortgagor to allow the mortgagor to accept or decline the mortgage insurance on a form provided by the financial institution.

Your Committee finds that it is the practice of certain financial institutions to offer free mortgage life insurance to mortgagors for a certain period of time (e.g., six months). The borrowers are required to advise the lender in writing, at the expiration of the free period, that

they do not desire to have the insurance continued.

Your Committee believes that this requirement is unnecessarily burdensome to consumers and finds that allowing mortgagors to check a "yes" or "no" space on a form provided by the person offering the insurance, prior to the expiration of the free period, would provide relief to consumers, therefore your Committee has amended the bill to address this concern and has further amended the bill by:

- (1) Correctly identifying the type of mortgage insurance referred to in this bill as "mortgage life insurance" which is provided to mortgagors, as opposed to mortgage insurance which is provided to mortgagees;
- (2) Deleting the definition of mortgage insurance and adding a definition of "mortgage life insurance";
- (3) Deleting section 1 of the bill which assumes the Employees' Retirement System is a financial institution which it is not;
- (4) Requiring a form to be sent to a mortgagor only if the mortgage life insurance is initially provided without charge for a period less than the term of the mortgage;
- (5) Requiring the financial institution providing the mortgage life insurance, to send the form six weeks before the expiration of the period during which the insurance is offered without charge; and
- (6) Automatically terminating the insurance policy after the period in which the policy is provided without charge if the form is not sent as provided by this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 284, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 284, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Aki, Chang, Matsuura and A. Kobayashi.

SCRep. 666 Consumer Protection and Commerce on S.B. No. 24

The purpose of this bill was to clarify the intention of the legislature that section 514A-82, Hawaii Revised Statutes, which provides for the contents of condominium bylaws, shall apply to all existing and subsequently developed condominiums.

Your Committee heard testimony in opposition to this bill from witnesses representing condominium management, the Hawaii Association of Realtors, and the Real Estate Commission, all indicating the potential for disruption of dates, processes, and procedures established in accordance with the law then in effect if the bylaw statute were to be made retrospective rather than prospective. On the other hand, proponents argued that the majority of the provisions of section 514A-82 were reasonable and that most condominiums should already be in compliance with the section.

After considering all the testimony, your Committee finds that certain elements of the bylaws could effectively be placed in a separate subsection and designated as retrospective, thus satisfying the legislative intent of this statute. To that end, your Committee has amended the bill by moving subparagraph (1)(F) and paragraphs (11), (17), (18), and (21) of section 514A-82 to new subsection (b) and deleting the language of new subsection (b) as introduced.

Your committee also amended Section 1 of the bill to indicate that its purpose is to identify those elements of condominium bylaws which shall have retrospective application and those which shall have prospective application.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 24, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 24, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Aki, Chang, Matsuura and A. Kobayashi.

SCRep. 667 Consumer Protection and Commerce on S.B. No. 445

The purpose of this bill was to add new provisions and amend existing provisions for the purpose of clarifying procedures and practices for the application and maintenance of

cosmetology registrations under Chapter 439, Hawaii Revised Statutes (HRS).

This bill is primarily a housekeeping measure. The new provisions of this bill include 1) two new sections providing for the right of injunction and cumulative penalties, 2) definitions for beauty operator, cosmetologist, cosmetology, manicurist, and temporary permit, 3) a prohibition of a cosmetician to use appliances and apparatus considered medical prescription devices, 4) exceptions for registrants to practice outside of a beauty shop, and 5) the granting of authority to the Board of Cosmetology to take disciplinary action.

Your Committee received supporting testimony for this administration bill and finds that this update of the cosmetology provisions are necessary in order to maintain the standards of professional cosmetology services available to the people of Hawaii.

Upon consideration of the bill and the testimony received, your Committee has amended the bill as follows:

- 1) To provide that the beauty shop owner shall be responsible for all operations of the shop and to ensure that only registered individuals are performing cosmetology services.
- 2) Allow a temporary permit to be issued to an applicant who has not successfully passed the required exam with the proviso that the permit will expire after the third examination failure.
- 3) Lowered the number of hours of apprentice training from 4000 to 3600 for cosmetologist applicants.
- 4) Deleted all references to managing operator. Your Committee was informed that an owner would generally perform these duties and therefore such a reference is unnecessary.
- 5) Provided that an applicant shall meet the education requirement if the person is possessed of an education equivalent to the completion of high school.
- 6) Allowed for individuals affiliated with cosmetology schools to sit on the Board of Cosmetology.
- 7) Amended the bill by making technical changes which have no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 445, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 445, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Aki, Chang, Matsuura and A. Kobayashi.

SCRep. 668 Consumer Protection and Commerce on S.B. No. 809

The purpose of this bill was to provide that all psychologists who provide diagnostic or treatment services in clinical psychology must be licensed by the State.

Specifically, the bill provides for the following:

- (1) That school psychologists who are not involved with diagnostic or treatment services are exempt from the state licensing requirement;
- (2) That clinical psychologists in civil service appointments must be licensed, provided that those so employed as of January 1, 1987 shall be licensed without examination and without a certificate from the American Board of Examiners in Professional Psychology as long as they have held their appointments for at least two years and are professionally competent; and
- (3) That license requirements are waived for doctoral graduates for a period of three years after graduation, and for new residents of the State for a period of two years after establishing residency, provided that after the waiver period they must obtain a license if they wish to continue practicing clinical psychology.

Your Committee heard supporting testimony by the Board of Psychology, the Department of Commerce and Consumer Affairs, and the Hawaii Psychological Association, and finds that this bill is necessary to clarify licensing qualifications and to insure that the public has maximum access to qualified professionals without relinquishing state regulatory prerogatives necessary to protect the consumer.

It is your Committee's understanding that psychological examiners employed by the Department of Education would be excluded from the licensure requirement, as they do not perform in the capacity of a clinical psychologist.

Your Committee has amended the bill by clarifying that all licensed psychologists must be competent and possess a doctoral degree from an accredited institution. Your Committee has further amended the bill by providing that psychologists granted a license without certificate or examination must have held permanent appointments for two years, and if employed by the State, shall be exempt only so long as they do not transfer to a different position or leave the state service.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 809, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 809, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair, Aki, Chang, Matsuura and A. Kobayashi.

SCRep. 669 Government Operations on S.B. No. 492

The purpose of this bill is to include high technology parks and telecommunications developments in tax increment districts.

In addition, the bill specifically provides that the HOST park on the island of Hawaii, the Hawaii technology park on Oahu, and the Maui research and technology park shall be eligible for tax increment financing if a tax increment financing plan is approved by the county council.

The counties are presently authorized to establish tax increments districts to implement redevelopment or community development plans. Your Committee believes that permitting the counties to establish tax increment districts for high technology parks will allow the counties to provide incentives for companies to construct facilities in the high technology parks and thus provide economic benefits for the counties.

Your Committee amended the bill by deleting Section 2 of the bill which would specifically provide that the HOST park, the Hawaii technology park, and the Maui research and technology park be eligible for tax increment financing. Your Committee finds this section redundant and confusing.

The bill was further amended to insert "high technology park plan, or telecommunication development plan" into section 46-104(4), Hawaii Revised Statutes, as such an insertion is consistent with the intent of the bill.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 492, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 492, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 670 Government Operations on S.B. No. 546

The purpose of this bill is to repeal the special or local laws setting forth the powers of particular counties, and to replace them with grants of general powers which would have uniform operation in all counties of the State.

Your Committee finds that the general powers and limitations of county laws are found in Chapters 61 through 70, Hawaii Revised Statutes, and were enacted before the various counties had their own charters. Many of these statutory provisions relate to matters which no longer exist and are antiquated in nature.

In order to resolve this problem, your Committee believes that the time has come to review these laws, not on a piecemeal basis, but to provide all counties with similar general powers or limitations and to supersede provisions which are currently unnecessary.

To effectuate the purpose of this bill, each county shall have the following general powers and limitations which relate to:

- (1) Aviation hazards;
- (2) Claims;

- (3) Contracts;
- (4) Drainage of storm waters and removal of debris;
- (5) Fees and charges;
- (6) Loans;
- (7) Motor vehicle common carriers;
- (8) Police matters; health; physicians and inspectors;
- (9) Pounds;
- (10) Property;
- (11) Public celebrations and related items;
- (12) Public works, generally;
- (13) Renting;
- (14) Succession of officials;
- (15) Suits; and
- (16) Water and sewer works.

The bill also amends various sections of the Hawaii Revised Statutes relating to county hospitals by placing it under Chapter 323 and renumbering those sections without making any substantive changes. Likewise, other subject areas are placed in Chapter 46, which relate to general provisions common to all counties.

Your Committee has amended the bill by inserting the words: "regarding counties" on page 18, line 1, for purposes of clarity and consistency, and made technical changes which have no substantive effect.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 546, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 546, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 671 Government Operations on S.B. No. 934

The purpose of this bill is to remove the provision which repeals Act 237 on June 30, 1987, thereby making the "consolidated application process" a permanent permit facilitation program.

In addition, the bill repeals the biennial reporting requirement.

Your Committee amended the bill to retain the requirement that the department report biennially to the legislature on actions taken, problems encountered, and legislative actions that may be needed to further facilitate the processing and issuance of permits.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 934, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 934, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 672 Government Operations on S.B. No. 1023

The purpose of this bill is improve enforcement of the liquor laws under Chapter 281, Hawaii Revised Statutes (HRS).

Section 281-107, HRS, provides that in any prosecution for a violation of Chapter 281, the fact that a business holds a license from the U.S. government for manufacturing or selling liquor or has a receipt or stamp showing payment of a tax to the U.S. government for selling or manufacturing liquor is competent evidence that the business is manufacturing or selling liquor or is keeping liquor for sale. This bill would amend Section 281-107 to make the fact that a

business is required to hold a federal license or pay a tax competent evidence that the business is manufacturing or selling liquor or is keeping liquor for sale even if the business has not complied with the federal requirement.

Mr. Eugene Carson of the liquor commission of the City and County of Honolulu testified in favor of the bill and explained that under federal law restaurants or other persons who serve liquor with meals are required to pay a special tax to the federal government even if no separate or specific charge is made for the liquor. A problem arises when a business which does not hold a valid county liquor license offers free liquor with meals. Although such a business is required under federal law to have the special tax stamp the business frequently does not have the stamp. If the fact that such a business is required to have a federal tax stamp is allowed as competent evidence that the person is selling liquor, enforcement would be facilitated. This bill accomplishes that purpose.

Your Committee amended the bill to delete extraneous language and to conform the bill to recommended drafting format.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1023, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1023, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 673 Government Operations on S.B. No. 1053

The purpose of this bill is to waive the public contract bonding requirements for nonprofit research organizations performing educational research and evaluation as well as for qualified rehabilitation facilities serving handicapped persons.

The department of accounting and general services expressed concern that two different proposals were mixed together in a confusing way. Since your Committee received no testimony in support of waiving the bonding requirements for a research corporation, the confusion was eliminated by removing "research corporations" and "research and evaluation" contracts from this proposed waiver. It now covers only qualified rehabilitation facilities which provide job training and employment for handicapped persons.

Your Committee further amended the bill by referencing the definition of a "qualified rehabilitation facility" in section 103-81, Hawaii Revised Statutes, to clarify the applicability of the waiver.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1053, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1053, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 674 Government Operations on S.B. No. 1160

The purpose of this bill is to exempt automatic teller machines and all vending machines on public property from the bidding requirements of the concession law.

Present law exempts all "coin-operated" vending machines from the bidding process but specifically excludes insurance vending machines.

Your Committee received favorable testimony for this measure and finds that vending machines are now capable of accepting currency in addition to coins. This bill will eliminate the existing unnecessary distinction between the two types of machines and furthermore provide the State with greater latitude in negotiating the vending machine space rentals. Your Committee also believes that exempting teller and insurance machines from the bidding process will facilitate the leasing of space for such machines and meet the needs of the community.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1160 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 675 Government Operations on S.B. No. 1643

The purpose of this bill is to enable the counties to institute a civil fine system for zoning

violations, as an alternative to the criminal procedure presently in use.

The bill further provides that the fine imposed shall be a lien on the real property which is the subject of the action.

Your Committee finds that criminal prosecution for minor violations of the county zoning ordinances is inappropriate and the use of civil fines is an effective and efficient alternative.

Your Committee is not convinced of the need for the lien and is concerned about the unfairness of having a lessee's violation of a zoning ordinance, subject the property owner to a lien.

Your Committee, has, therefore, amended the bill by deleting the new provision for a lien.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1643, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1643, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 676 Government Operations on S.B. No. 379

The purpose of this bill is to raise the informal bidding level required for repair of publicly owned or leased heavy equipment, automotive equipment, and sewage treatment plants.

Your Committee received testimonies from the Chief Engineer of the Department of Public Works, County of Hawaii, the Director and Chief Engineer of the City and County of Honolulu, the County Engineer of the Department of Public Works, County of Kauai, and the Department of Accounting and General Services.

Upon consideration of the testimony, it is apparent to your Committee that what is desired and needed by the public works departments of the counties is not a higher informal bid level but an increase in the dollar amount of contracts for which no advertising or bidding is required.

Therefore, your Committee has amended the bill to allow expenditures of up to \$10,000 for repair of publicly owned or leased heavy equipment, automotive equipment and sewage treatment plants without informal or formal bidding procedures. This amendment will allow State and county agencies to provide needed repair and maintenance for public facilities without undue delay.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 379, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 379, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 677 Judiciary on S.B. No. 1145

The purpose of this bill is to reduce election costs by permitting the consolidation of political party contests on primary election ballots.

Currently, the law requires that the chief election officer place each party and nonpartisan candidates on separate ballot cards. At an approximate cost of \$70,000 per ballot card, this adds to the expense of a primary election.

The bill amends Section 11-1, 12-21 and 12-22, Hawaii Revised Statutes, to allow the chief election officer the option of determining whether candidates of more than one political party should be consolidated on ballot cards. When separate ballots are not used for each party, the order in which the political parties appear on the ballot would be determined by lot. The parties would be separated from each other on the card with their appropriate designation distinctly printed. The names of the candidates for the respective offices for each party would continue to be printed alphabetically.

Nonpartisan candidates would be treated the same as candidates of a particular party.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1145 and recommends that it pass Second Reading in the form attached hereto and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 678 Judiciary on S.B. No. 1068

The purpose of this bill is to prohibit officers or employees of the Judiciary from receiving additional compensation, beyond their State compensation, for performance of their official duties.

Your Committee is concerned about reports that employees of the Judiciary are engaged in service of process for private parties and for extra compensation during hours when they are working for the Judiciary. This results in their receiving two payments during the hours they are working for and being paid by the State. This practice, as well as any other situation in which public officers and employees are receiving additional compensation beyond their State compensation for performance of their official duties or responsibilities, will be prohibited by this bill.

Your Committee heard testimony from the Judiciary that they fully support the enactment of this bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1068, 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 Holt.

SCRep. 679 Judiciary on S.B. No. 1163

The purpose of this bill is to authorize the Hawaii Criminal Justice Data Center to assess fees for services; to clarify the composition and the condition of membership in the Criminal Justice Data Interagency Board; and to change the title of the head of the Data Center from director to administrator.

Section 1 of this bill would authorize the Data Center to assess a fee for each service provided, including conducting criminal history record checks, processing applications for the expunging arrest records, and accessing state criminal justice information. The Department of the Attorney General testified that these services are currently provided to anyone requesting them at no cost. The Data Center is proposing to charge approximately \$5.00 for each service. As the rates may be subject to change, the actual fee schedule will be reflected in the administrative rules. The purpose for the fee assessment is to defray costs incurred for providing those services.

This bill was amended by deleting the remaining sections which proposed changes in the organization of the Criminal Justice Interagency Board and the Data Center. Your Committee believes further study of these proposals are necessary.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1163, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1163, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 680 Judiciary on S.B. No. 1146

The purpose of this bill is to authorize the use of a federal write-in absentee ballot prescribed under Section 1973ff of Title 42, United States Code, as amended.

Your Committee heard testimony from the Office of the Lieutenant Governor indicating that federal law requires states to give overseas absentee voters the option of using, when they have not received their state ballots, the federal write-in absentee ballot in general elections for federal offices.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1146 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 Holt.

SCRep. 681 Judiciary on S.B. No. 1156

The purpose of this bill is to revise the definition of legitimation in State public health vital statistics, provide a procedure where the child's natural parents who marry each other can have an original certificate of birth issued for their child, and provide that both the natural father and natural mother have to sign and file with the Department of Health a written acknowledgment of paternity as one means of legitimating a child's birth.

This bill repeals subsections 1 through 4 under the definition for "Legitimation" in Section 338-1, Hawaii Revised Statutes. As the statute is now written, it would preclude a married natural father who has not married the natural mother from acknowledging his parentage of a child for vital statistics purposes. The vital statistics act presently includes Section 338-21 which specifies the manner in which legitimation can be established for vital statistics purposes.

The bill also amends Section 338-21(c), Hawaii Revised Statutes, to allow an original certificate of birth to be issued if the natural parents marry each other. The bill also amends Section 338-21(a) to conform to the changes made in Section 584-4(a)(5), Hawaii Revised Statutes.

The bill amends Section 584-4(a)(5), Hawaii Revised Statutes, to provide that one means of legitimation will require both the natural father and the natural mother to acknowledge the paternity of the child. Both natural parents must sign a voluntary, written acknowledgment of paternity which is filed with the Department of Health. The other means of legitimizing a child through Section 584-4, Hawaii Revised Statutes, have not been changed.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1156, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1156, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 682 Judiciary on S.B. No. 1202

The purpose of this bill is to broaden the application of section 712-1200, Hawaii Revised Statutes, relating to prostitution, by making it a crime for persons to either offer or accept an offer to engage in sexual conduct for a fee.

The intent of this bill is to discourage persons from seeking the services of prostitutes. The Honolulu Police Department testified that prostitution has been a chronic problem in the Waikiki area and that one hundred percent of the "customers" were visitors to Hawaii. Your Committee believes that this bill will reduce the demand for prostitutes which should result in a commensurate reduction in the supply of prostitutes. This bill will also enable the police to conduct undercover operation aimed at persons seeking the services of prostitutes. This would add another weapon to the police arsenal against prostitution.

The Honolulu Police Department also testified that they have investigated prostitution operations that utilized persons younger than sixteen years of age. Therefore, the bill was amended in section 712-1202, Hawaii Revised Statutes, to provide greater protection for minors less than sixteen years of age.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1202, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1202, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 683 (Majority) Tourism and Recreation on S.B. No. 1753

The purpose of this bill is to allow the issuance of long-term residential leases to certain residents of Kahana Valley, Oahu, provided each lessee family participates in Kahana Valley State Park public interpretive programs. The Department of Land and Natural Resources would be authorized to negotiate the proposed leases and establish the role of each lessee family in establishing and operating interpretive programs.

Chapter 171, Hawaii Revised Statutes, requires leases of public land to be issued via public auction and does not authorize directly negotiated residential leases. However, the legislature has, from time to time, enacted special legislation to provide long-term leases to specific groups of people when the legislature found unique situations which were deemed to be in the public interest.

Your Committee received testimony in support of this bill from the Chairperson of the Board of Land and Natural Resources, among others, and finds that this bill would provide a means of allowing the establishment of a "living park" as part of the Kahana Valley State Park's cultural program. Your Committee also finds that the legislature has expressed interest in this "living park" concept since 1971 through a number of bills and resolutions, and since the Kahana Valley residents have a culturally and historically valuable lifestyle which provides significant cultural values to potential public interpretive programs, the issuance of long-term residential leases to traditional valley residents would be in the public interest.

Your Committee is also of the understanding that the Valley residents are prepared to finance the costs of relocating or constructing new homes on lots provided by the State. Since this is the case, your Committee considers it appropriate for the state to pay for construction of any infrastructure such as roads and utilities, and your Committee has amended this bill accordingly.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 1753, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1753, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator George did not concur.

SCRep. 684 Transportation on S.B. No. 162

The purpose of this bill is to ensure that a vehicle is to be registered in the county where it is physically located and operated, regardless of the owner's place of domicile.

Your Committee finds that the respective counties are responsible for maintenance and improvements to their county roadway system. Since one of the major sources of funding for roadway programs is the registration fees assessed on motor vehicles, it is appropriate that the county in which the vehicle is located be able to receive the registration fee.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 162 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 Menor and Yamasaki.

SCRep. 685 Transportation on S.B. No. 241

The purpose of this bill is to exempt the transferor of a motor vehicle from any civil or criminal liability for activities involving the motor vehicle from the date the transferor delivers the motor vehicle into the transferee's possession.

Your Committee received testimony from the Hawaii automobile dealers association in favor of this bill. One of the association's members had a situation where the member was held partially liable for a vehicle involved in an accident resulting in a fatality after delivery of that vehicle to the new owner. In this case, all contracts had been executed, payment had been received, and transfer of the vehicle had been made. However, when the new owner's insurance provided only limited coverage, the dealer's insurance company was included in the liability case.

Your Committee finds that this bill will further define the time a transferor is released from civil or criminal liability and thus allow for only those parties truly liable for an accident to be held accountable.

Your Committee notes that a portion of Section 286-52(k), Hawaii Revised Statutes, was inadvertently omitted from this bill. This statutory language which requires that the certificate of ownership bearing the transferor's signature be delivered to the transferee as required by subsection (a) has been included in the bill. Your Committee has further amended the bill to correct the spelling of "indorse" on page 1, line 15 and has made technical amendments which have no substantive effect.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 241, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 241, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Menor and Yamasaki.

SCRep. 686 Transportation on S.B. No. 156

The purpose of this bill is to require the seller of a salvage vehicle to notify the purchaser, in writing, of the requirements of the highway safety law, for the recertification of salvage vehicles.

This bill also provides that in the event of a total loss insurance settlement between an insurance company and its insured where the latter retains the salvage vehicle, the insurance company or its authorized agent must notify its insured of the requirements of the highway safety law regarding the recertification of salvage vehicles.

Testimony was given by the automotive body and painting association of Hawaii in favor of this bill. Instances were cited where an individual who purchased or retained a total loss vehicle had not been made aware of the statutory requirements for recertification of a salvaged vehicle. The owners made repairs on these vehicles only to learn they could not transfer or register their vehicles with the department of motor vehicle and licensing because the salvage recertification requirements had not been met.

Your Committee believes this bill will prevent unknowing consumers from wasting further time and money for repairs which will not meet statutory standards under the provision of the salvage recertification requirements by requiring sellers and insurers or their authorized agents to notify these individuals in writing of legal requirements.

Your Committee has amended the bill by including claimants for property damage caused by an insurance policy holder to be notified by the insurance company or authorized agent of the salvage recertification requirements under subsection (f) of this section. This action will further insure that all those holding title to a salvaged vehicle know its statutory requirements for recertification.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 156, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 156, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 687 Transportation on S.B. No. 1172

The purpose of this bill is to enable the governor to explore alternatives to traditional, capital intensive traffic solutions, and to require public contracts to contain provisions that work not impede peak hour traffic.

Specifically, this bill:

- (1) Adds a new section to Chapter 103, Hawaii Revised Statutes (HRS), to require provisions in public contracts to provide that any work undertaken would not impede peak hour traffic;
- (2) Adds a new section to Chapter 298, HRS, to allow the Governor to modify the hours of private schools; and
- (3) Amends Section 80-1, HRS, to allow the Governor to modify the hours of our state universities.

Although many solutions have been proposed to alleviate the traffic problems on Oahu no solution will succeed unless it is applied in an integrated, non-discriminatory fashion. Any one solution must also be part of an overall package designed to alleviate congestion, as the implementation of stop-gap measures in a non-judicious fashion will be ineffective, alienate the population, and result in time consuming litigation. Cost-effectiveness and logistical problems associated with the implementation should also be considered.

Upon consideration of the testimony presented, your Committee has amended the bill to ensure all public contracts take into consideration their effect on peak-hour traffic rather than require that work undertaken under the contracts not adversely impact peak hour traffic congestion. Such a standard would be impossible to meet.

Further, your Committee believes that school operations in central Honolulu are the ones that contribute most to the problem of peak-hour traffic congestion, and, therefore, the scope of the bill was limited to cover those schools that fall within that area. Your Committee has also amended the bill to preclude the governor from taking action without first consulting the affected schools. Your Committee feels that these amendments address the more important concerns that were raised during the hearings on this bill, making it more practical in its application.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1172, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1172, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang and Yamasaki.

SCRep. 688 Judiciary on S.B. No. 1442

The purpose of this bill is to make the alcohol and highway safety provisions of chapters 286 and 291 applicable to the operators of mopeds.

Your Committee, on the advice of the Police Department of the City and County of Honolulu, has removed from the bill amendments to sections 291-4 and 291-4.5, Hawaii Revised Statutes. The term "vehicle" in these sections includes in its meaning, mopeds. Your Committee has added amendments to sections 291-3.2 and 291-3.3, Hawaii Revised Statutes, to prohibit passengers on a moped from possessing or consuming intoxicating liquor.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1442, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1442, S.D. 2.

Signed by all members of the Committee except Senator Holt.

SCRep. 689 (Majority) Judiciary on S.B. No. 1474

The purpose of this bill is to require all private attorneys to be insured for professional malpractice during any time in which they practice law in this State.

Your Committee received testimony from persons who suffered financial losses and personal hardship because of fraudulent or incompetent legal representation by their former attorneys. These individuals noted that they were unable to recover damages because the attorneys were judgment proof. This bill is intended to require private attorneys to carry malpractice insurance to guarantee some measure of relief for persons injured as a result of the attorneys malfeasance or incompetence.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1474, 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 Holt.
Senator Chang did not concur.

SCRep. 690 Judiciary on S.B. No. 1141

The purpose of this bill is to clear up confusing and ambiguous language in the current statutes as it relates to the re-registration of persons moving within the state.

To clarify and standardize the procedures for re-registration of voters, this bill makes three substantive changes. First, it adds a new section which allows election officials to remove the names of voters where a voter notification has been returned as undeliverable and there is no forwarding address. Second, it rewrites Sections 11-18 and 11-19, Hawaii Revised Statutes, relating to re-registration when moving between precincts and counties, to ensure that both moves are handled consistently. Third, it amends section 11-21, Hawaii Revised Statutes, to clearly state that a person who has not re-registered as required by law will not be allowed to vote at the election.

Your Committee has made non-substantive amendments to correct typographical errors and for style.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1141, as amended herein, and recommends that it pass Second Reading in the form attached hereto as SB. No. 1141, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 691 Judiciary on S.B. No. 1095

The purpose of this bill is to give the Department of Health legal authority to require that certain standards be met for the appointment of psychiatrists and psychologists to sanity commissions.

At the present time, the Hawaii Revised Statutes requires that the sanity examiners appointed to a sanity commission be only a licensed psychologist or qualified physician or psychiatrist. The law does not currently require any specific training in forensic issues. The purpose of this bill is to allow the Department of Health to set minimum standards for participation and appointment as a sanity examiner. This would allow additional assurance of higher quality testimony by the appointed examiners. The Department of Health supported this measure.

Section 2 was amended by replacing the term "certified clinical" psychologist with "licensed" psychologist. This change was made because the term "certified clinical" psychologist is an outdated classification and no longer applicable to current practice.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1095, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1095, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 692 (Majority) Judiciary on S.B. No. 1137

The purpose of this bill is to provide procedures for write-in voting in a primary or special primary election.

Under this bill, voters would be allowed to cast a vote for a candidate who is not listed on the ballot by writing in the candidate's name in a blank space provided on the ballot. The bill provides that persons who are official candidates for other offices or who are subject to the "resign to run" provision of the State Constitution are not eligible to be write-in candidates.

Further, the bill provides for a vote count trigger whereby votes cast for individual write-in candidates will only be counted when the total number of write-in votes for the office equals or exceeds the number of votes cast for an official candidate who received the highest number of votes for that office. In order to qualify for nomination, the bill requires that a write-in candidate receive at least the number of votes equal to or greater than the number of signatures required on nomination papers for that office. The bill also requires a nominated write-in candidate to file a nomination statement with the Chief Election Officer, pay a filing fee and register with the Campaign Spending Commission within five days after the election.

Your Committee finds that this bill will provide greater opportunity for political participation by the people of Hawaii and would help to stimulate more interest in the electoral process.

Your Committee notes that this bill is not in response to the lawsuit filed last year in the U.S. District Court which would have required write-in voting in the 1986 general election. The State's appeal of that case is presently pending in the U.S. Court of Appeals for the Ninth Circuit. The issue in the lawsuit is not whether write-in voting should be allowed, but rather whether the federal government is empowered to require the State to provide write-in voting is an option which the State may choose to provide but which is not constitutionally required.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1137 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 Holt.
Senators Kuroda and George did not concur.

SCRep. 693 Judiciary on S.B. No. 1142

The purpose of this bill is to permit under specified conditions, the hiring as precinct officials of persons who are not registered to vote.

Your Committee heard testimony from the office of the Lieutenant Governor that there are some precincts with insufficient eligible persons wishing to work as precinct officials. This bill would allow hiring, as precinct officials, of persons who are not registered to vote but who are at least sixteen years of age in those precincts without sufficient eligible persons wishing to work.

The Office of the Lieutenant Governor assured the Committee that it was not their intention to allow the staffing of an entire precinct with persons under the age of eighteen or to place them in charge of a precinct, and that precautions against this happening would be addressed by rules.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1142 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 Holt.

SCRep. 694 Judiciary on S.B. No. 464

The purpose of this bill is to amend the Constitution of the State of Hawaii to require Senate

confirmation of district court judges.

Your Committee believes it is important that there be a system of checks and balances between the branches of government. As a means of maintaining this balance, selections of justices and judges other than district court judges are made through a multi-phased process: the non partisan, independent Judicial Selection Commission, which is housed in the Judiciary, develops lists of qualified candidates, the Executive Branch makes the appointment, and the Legislative Branch, through the Senate, consents to the selection. The appointment of district court judges is, however, handled completely within the Judiciary.

The role of district court judges in the judicial system is critical. Because the district court has the highest volume of cases and is the part of the Judiciary with which members of the public are most likely to have experience, it plays a key role in forming the public's perception of the Judiciary. Additionally, in recent years, the chief justice has frequently used district court judges to fill in at the circuit court level. Therefore, the public has a high stake in the caliber of district court judges but has little real opportunity to provide input and ensure that only the most qualified candidates are selected or retained.

Your Committee has amended this bill by:

- (1) Providing that the failure by the senate to consent to any appointment of a justice or judge within thirty days thereof, to be deemed a rejection of such appointment; and
- (2) Deleting the authority of the judicial selection commission to make the appointment from the list, without senate consent, for the failure to make a valid appointment in accordance with appointment and consent procedure.

Your Committee believes that Senate confirmation of district court judges not only will provide further assurance that only the most qualified persons will be selected, but it will also allow opportunity for real input by the public.

Your Committee has heard testimony that the requirement of public hearings necessitated by Senate confirmation will discourage qualified persons from applying. Your Committee believes that qualified candidates will not be discouraged rather it is the unqualified who will be dissuaded.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 464, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 464, S.D. 1, and be placed on calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 695 Judiciary on S.B. No. 1096

The purpose of this bill is to establish a judicial evaluation commission to evaluate the performance of individual justices and judges.

The judicial system is of such importance to society that the highest quality of jurisprudence is imperative. Achievement of the highest quality rests mainly on the skills, knowledge, and performance of justices and judges. Currently, justices and judges are evaluated near the end of their terms when reappointment is under consideration. For the justices of the supreme court, judges of the intermediate appellate court, and circuit court judges whose terms are for ten years, and even for district court judges whose terms are for six years, this practice of waiting until the end of the term is simply unacceptable. State employees are evaluated annually, an accepted personnel practice.

Thus, your Committee finds that the establishment of a permanent judicial evaluation commission which engages in an ongoing system of evaluation of and feedback to justices and judges is necessary. Under the system, justices and judges with deficiencies will have the opportunity to improve their performance while on the bench, benefitting both themselves and society.

Your Committee has amended the bill to conform to accepted bill drafting style. The amendments are intended to be technical and nonsubstantive.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1096, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1096, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt

SCRep. 696 Public Utilities on S.B. No. 1262

The purpose of this bill is to authorize the public utilities commission to review acquisitions of substantial amounts of the common stock of public utilities or of holding companies that own or control public utilities to ensure that such acquisitions are in the public interest.

This bill adds a new section to Chapter 269, Hawaii Revised Statutes, which provides that:

- (1) No more than ten percent of the voting stock of a public utility shall be owned or held by any person, partnership, corporation or other entity unless the public utilities commission finds, after a contested case hearing, that the ownership or holding is in the public interest;
- (2) Any person, partnership, corporation or other entity holding ten percent of the voting stock on the effective date of this section and any transactions to acquire shares of a corporation with less than one hundred shareholders and less than \$1,000,000 in assets are exempt from this section;
- (3) Every transaction of any shares in violation of this section shall be void and of no effect; and
- (4) Any acts or practices in violation of this section may be restrained or enjoined by appropriate judicial action.

Your Committee finds that language currently exists in the Hawaii Revised Statutes which can be amended to reflect the purpose of this bill. Therefore your Committee has amended the bill to delete the proposed new section and, instead, amend Section 269-17.5, Hawaii Revised Statutes, to:

- (1) Delete subsection (a) which defines "foreign corporation" and any reference to "foreign" in Section 269-17.5;
- (2) Delete subsection (b) which defines "nonresident alien" and any reference to "nonresident alien" in Section 269-17.5; and
- (3) Amend subsection (c) to provide that no more than twenty-five percent of the voting stock of a public utility, including telephone service and any holding company that owns or controls a public utility, shall be owned or held by any person, partnership, corporation or other entity unless the public utilities commission finds, after a contested case hearing, that the ownership or holding is in the public interest.

The amendments expand the scope of Section 269-17.5 to include telephone utilities and make the section applicable to ownership or control by all persons and entities, rather than only foreigners.

Your Committee has further amended the bill by making nonsubstantive changes to conform with recommended drafting style.

Your Committee on Public Utilities is in accord with the intent and purpose of S.B. No. 1262, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1262, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang and Henderson.

SCRep. 697 Ways and Means on S.B. No. 69

The purpose of this bill is to increase the amount paid for rent to qualify for the renter tax credit and to increase the amount of the credit.

Currently, a taxpayer with an adjusted gross income of less than \$20,000 who has paid more than \$1,000 in rent during the taxable year for which credit is claimed, may claim a tax credit of \$50 per qualified exemption.

Your Committee finds that this bill should retain the present \$1,000 threshold to qualify for the renter tax credit.

Your Committee has amended this bill by lowering the tax credit from \$100 to \$75 per qualified exemption.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 69,

S.D. 1, as amended herein, and recommends that it pass Third Reading in form attached hereto as S.B. No. 69, S.D. 2.

Signed by all members of the Committee.

SCRep. 698 Ways and Means on S.B. No. 154

The purpose of this bill is to establish a computerized fingerprint identification system through the purchase of an automatic fingerprint identification system. This system would be an important investigative tool which would modernize and increase the speed and accuracy of criminal investigations involving fingerprints.

Your Committee amended the bill by reducing the appropriation from \$3,000,000 to \$1.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 154, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 154, S.D. 2.

Signed by all members of the Committee except Senator Henderson.

SCRep. 699 Ways and Means on S.B. No. 490

The purpose of this bill is to provide that excess amounts in the special funds for disability benefits (under the temporary disability insurance law) and for special premium supplementation (under the prepaid health law) be transferred to the general fund. The dollar amount which is to be considered excess in the special fund for disability benefits is \$1,000,000 and the dollar amount which is to be considered excess in the premium supplementation fund is \$500,000.

Your Committee has amended the bill after taking into consideration the testimony of the director of labor and industrial relations. Instead of amending section 392-61, Hawaii Revised Statutes, your Committee has amended section 392-67 by adding a new subsection which states the excess amount which is to be deposited into the general fund from the disability benefits special fund and by amending section 392-62, Hawaii Revised Statutes, to refer to the new subsection. Likewise, instead of amending section 393-41, Hawaii Revised Statutes, your Committee has amended section 393-43, Hawaii Revised Statutes, by adding a new subsection which states the excess amount which is to be deposited into the general fund from the premium supplementation fund and by amending section 393-42, Hawaii Revised Statutes, to refer to the new subsection.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 490, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 490, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Henderson.

SCRep. 700 Ways and Means on S.B. No. 5

The purpose of this bill is to establish a department of corrections which shall be responsible for the formulation and implementation of state policies and objectives for correctional programs and for the administration and maintenance of all correctional facilities and services. The bill provides for the transfer of the criminal injuries compensation commission, the Hawaii criminal justice commission, the Hawaii criminal justice data center, the corrections division, the intake service centers, and the Hawaii paroling authority to the department of corrections. The bill also transfers the functions relating to adult probation supervision and presentence investigations, and the transportation of defendants under the care and custody of a correctional facility for required court appearances from the judiciary to the department of corrections.

Your Committee concurs with the findings of the Committee on Corrections that the state corrections program has grown too large and too complex to remain under the umbrella of the department of social services and housing. To properly address the magnitude of the problems within the state corrections system, a separate department that can provide the focus and continuous attention the system desperately needs is essential.

Your Committee has amended the bill by deleting all references to the delineation of specific divisions and branches within the department of corrections. Your Committee agrees that the new department should have flexibility in designing an organizational structure which can effectively implement its statutory mandates as such matters are properly decided at the administrative level. However, your Committee cautions that it is the intent of this

Committee that the new department not focus primarily on the custodial aspects of corrections, but that equal emphasis be accorded to the development of meaningful inmate programs to ensure that treatment is provided to inmates during incarceration. The programmatic aspects of corrections have been sorely lacking during the past decade because of the overcrowding problem. Mindful that the new medium security facility is almost ready for occupancy, your Committee believes that the corrections program must now turn its attention toward inmate programs. If a conscientious effort in program development is not made concurrently with the opening of the medium security facility, your Committee fears that the State may again be faced with the need for the construction of another enormous and costly facility.

Your Committee has also amended the bill to incorporate the changes suggested by the department of social services and housing regarding the appointment of members to the correctional industries advisory board. The amendment provides for the appointment of members by the governor and deletes the appointment of one member each by the senate president, the speaker of the house, and the other members of the advisory board.

Your Committee has further amended the bill to delete the provision requiring that the department have at least three deputy directors and to make other technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 5, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 5, S.D. 2.

Signed by all members of the Committee.

SCRep. 701 Ways and Means on S.B. No. 1307

The purpose of this bill is to enact a state water code to implement Article XI, section 7, of the Hawaii constitution.

Your Committee has amended the bill in the following ways:

- (1) By deleting references in the findings section of the bill to declining ground water levels and other water-related situations on the island of Oahu;
- (2) By adding a definition of "authorized planned use" to the definitions section of part I to mean "the use or projected use of water by a development that has received the proper state land use designation and county development plan/community plan approvals";
- (3) By deleting the definition of "coastal waters" from the definition section of part I and references to coastal waters from the definition of "waters of the State" and making the chapter inapplicable to coastal waters;
- (4) By specifying that a water management area means a geographic area requiring management of ground or surface water resources or both;
- (5) By expanding the general powers and duties of the board to include engaging certain technical personnel to carry out the purposes of the chapter, without regard to chapters 76 and 77 or section 78-1;
- (6) By deleting the power of the chairperson of the board to appoint the deputy for water resource management;
- (7) By clarifying that the deputy for water resource management implements the state water code under the direction of the chairperson of the board;
- (8) By adding to the objectives of the state water use and protection plan the "protection, conservation, and enhancement of the waters of the State";
- (9) By adding a new section relating to dispute resolution and the board's jurisdiction over any dispute whether or not the area involved has been designated as a water management area under the chapter;
- (10) By specifying that hearings regarding particular water resources are to be held on the island where those resources are located;
- (11) By adding a new subsection requiring that the board adjudicate disputes where there is

- insufficient water to meet competing demands;
- (12) By moving those sections relating to the designation of a water management area to the part relating to permits for water use and by renaming that part "Regulation of Water Use";
 - (13) By requiring that public hearings on the designation of a water management area be held at a location in the vicinity of the proposed area;
 - (14) By deleting as a criterion for ground water designation that the use of ground water exceeds the replenishment of the natural supply;
 - (15) By providing that the written reports covering all development and use of water not conflict with the department of health's enforcement authority and that a list of all new reported uses in nondesignated areas be published in the board's regular bulletin;
 - (16) By requiring, rather than permitting, the board to allow the holder of a use permit to transport and use surface or ground water beyond overlying land if the board determines that it is in the public interest;
 - (17) By allowing the board to increase, as well as reduce, the amount of water initially granted the permittee;
 - (18) By deleting the preference in the matter of competing applications for permits given to a permittee who proposes to change water use pursuant to a change in land use or a change in location of use;
 - (19) By deleting the statement that "applications for water permits and for modifications of permits shall constitute contested cases within the meaning of chapter 91" from the provisions of the section relating to contested cases;
 - (20) By deleting from the provisions relating to the declaration of a water shortage that the criteria for determining a shortage are binding on the board;
 - (21) By requiring the board to weigh the importance of the economic impact of restricting the present or potential uses of water for non-instream purposes in considering a petition to adopt an interim instream flow standard;
 - (22) By exempting the maintenance of existing streambed and drainageway facilities from the requirement of obtaining a permit from the board;
 - (23) By deleting from the requirements relating to permits for well construction and pump installation a review by the department of agriculture for compliance with their rules and standards concerning the well location;
 - (24) By providing that the review commission established within the legislative reference bureau for administrative purposes continue in existence until one year after the submission of its findings and recommendations to the legislature; and
 - (25) By making other nonsubstantive, technical corrections to language.

Finally, the Committee on Ways and Means recognizes and pays tribute to the late Richard A. Kawakami, Speaker of the House of Representatives of the Fourteenth Legislature, State of Hawaii for his contribution in laying the basic foundation for S.B. No. 1307, S.D. 2, relating to the State Water Code. As Chairman of the House Water, Land Use, Development and Hawaiian Affairs Committee from 1971 through 1980, Richard A. Kawakami laid the basic foundation for S.B. No. 1307, S.D. 2. As Speaker of the House, he personally asserted his strong conviction and desire for immediate enactment of the water code. His vision and foresight of a state water code in behalf of all the people of Hawaii is truly appreciated and your Committee acknowledges Speaker Richard A. Kawakami's years of dedicated service and contributions. He was a good and wise man.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1307, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1307, S.D. 2.

Signed by all members of the Committee.

The purpose of this bill, as received, is to allow the governor to set the salary of the chairperson of the governor's agriculture coordinating committee.

Your Committee has amended the bill by amending those provisions relating to the salaries of the directors of the executive office on aging and the office of children and youth, by inserting the figure of \$1 for the appropriation amounts, and by making nonsubstantive changes for clarity.

Your Committee finds that since these positions are special assistants to the governor and the governor has a large measure of discretion in assigning functions and duties to the positions, the governor should be accorded flexibility in setting the salary for them.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1658, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1658, S.D. 2.

Signed by all members of the Committee.

SCRep. 703 Ways and Means on S.B. No. 1387

The purpose of this bill is to permit members of the Employees' Retirement System to recover their attorney's fees when the member prevails on appeal.

Currently the law is silent on the issue of attorney's fees for contested Employees' Retirement System decisions. However, in Workers' Compensation Law, if an employer appeals the decision of the Director of Labor and Industrial Relations or the Appellate board, the costs of the proceedings together with reasonable attorney's fees are assessed against the employer if the employer loses.

Your Committee finds that since most employee-appellants require legal representation in appeal proceedings it is equitable that they should be allowed reasonable attorney's fee, if they prevail on appeal.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1387 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. 704 Ways and Means on S.B. No. 1712

The purpose of this bill is to make housekeeping and technical amendments for the consistent imposition of the transient accommodations tax and to require a portion of the proceeds collected from the tax to be available for expenditures necessary to host the 1990 America's Cup yacht race.

This bill, in most part, is an administration proposal, formulated after discussion with affected taxpayers, to clarify certain provisions and applications of the transient accommodations tax.

Upon the recommendation of the director of taxation, your Committee has made the following amendments.

(1) The phrase "at noncommissionable negotiated contract rates" has been inserted after "tour packager" on page 6, line 19, of the bill, as received. This amendment is intended to clarify the provision dividing gross income between a travel agency or tour packager, on the one hand, and the operator of transient accommodations, on the other hand.

(2) The term "living" on page 10, line 13, of the bill, as received, has been replaced by "lodging". This amendment reflects the correct term for the allowance received by military personnel.

(3) Section 13 of the bill, as received, has been deleted. The director of taxation indicates that the provision is contrary to the intent of the transient accommodations tax. Subsequent sections of the bill have been renumbered to reflect the deletion.

Your Committee has also deleted the proviso which required a portion of the proceeds collected from the transient accommodations tax to be maintained in a separate account in the general fund for the America's Cup yacht race. Your Committee has deleted the proviso because of its inappropriateness under this bill, but intends to place similar language in another bill.

In addition, your Committee has deleted provisions concerning boats, vessels, and contract carriers.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1712, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1712, S.D. 3.

Signed by all members of the Committee.

SCRep. 705 Ways and Means on S.B. No. 1443

The purpose of this bill is to raise the amount of compensation to appointed counsel for legal representation of indigent criminal defendants.

Your Committee finds that the current compensation rates are below those provided in the federal system, and fail to provide reasonable compensation in extended or complex criminal litigation.

Your Committee has amended this bill by appropriating the sum of \$586,175 in fiscal year 1987-1988 and \$485,806 in fiscal year 1988-1989, to carry out the purposes of this Act.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1443, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1443, S.D. 1.

Signed by all members of the Committee.

SCRep. 706 Ways and Means on S.B. No. 488

The purpose of this bill is to afford relief to anyone in the State who has made use import tax payments to the State where such use import tax payments were also made by another individual or entity.

Your Committee has amended the bill by adding a new section amending the general excise tax law limitation period to include an exception for overpayments based on a claim that a duplicate payment had been made by an individual or entity other than the claimant.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 488, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 488, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 707 Ways and Means on S.B. No. 88

The purpose of this bill is to establish a statewide "one day or one trial" system for jury service. This bill is intended to implement the recommendations in the report made by the National Center for State Courts to the state judiciary. The National Center was commissioned to study the concerns regarding the jury system expressed in House Resolution No. 127, Eleventh Legislature of the State of Hawaii, Regular Session of 1982.

The length of jury service required under the current system has caused many prospective jurors to be excused from service because of economic or personal hardship. This has often resulted in under- or over-representation of certain groups in the jury pool. This bill would significantly reduce the amount of time a person is asked to serve thereby allowing more people to participate in the judicial process. Moreover, it would enable juries to be more broadly representative of the community. This bill would also replace the current jury commission with a clerk and eliminate all statutory exemptions for jury service except for attorneys and judges.

Your Committee amended the bill by making technical, nonsubstantive changes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 88, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 88, S.D. 2.

Signed by all members of the Committee.

SCRep. 708 (Majority) Ways and Means on S.B. No. 537

The purpose of this bill is to create a Hawaii gaming commission to establish the rules and

conditions for parimutuel wagering by a licensee at an off-track wagering facility.

Your Committee received favorable testimony from two out-of-state individuals with law enforcement experience on the issue of establishing off-track wagering facilities. Both individuals testified to the effect that their state had experienced no significant law enforcement problems, nor had they in their capacities as district attorneys, received any allegations of misconduct or criminal conduct attributable to an off-track wagering facility.

Your Committee has inserted provisions for a performance bond in the amount of \$250,000 and a license fee in the amount of \$500. Your Committee has also made minor, technical corrections to language for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 537, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 537, S.D. 1.

Signed by all members of the Committee.
Senators B. Kobayashi, Henderson and Ikeda did not concur.

SCRep. 709 Ways and Means on S.B. No. 432

The purpose of this bill is to provide the legislature with a vehicle to review and adjust the amount of state and county public employer contributions for the health fund benefits of their retirees with less than ten years of service.

Your Committee has amended the bill by adjusting the amounts of state and county contributions for dental benefits to \$5.96 for the period July 1, 1987 to June 30, 1988 and \$6.24 for the period July 1, 1988 to June 30, 1989. Your Committee has also amended the bill to keep at \$2.25 the amount paid by the State and counties for group life insurance.

Your Committee has also amended the bill by making technical, nonsubstantive changes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 432, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 432, S.D. 2.

Signed by all members of the Committee except Senator Blair.

SCRep. 710 Ways and Means on S.B. No. 1147

The purpose of this bill is to establish a Fair Campaign Practices Commission which receives, reviews, and issues findings on complaints of unfair campaign practices.

Your Committee finds that there is a need to address the subject of unfair campaign practices and that establishment of this Commission will provide recourse for those who believe such practices have occurred. Currently, there is no public agency which deals specifically with complaints of unfair campaign practices.

Your Committee understands that this subject is a complex matter and that a delicate balance must be maintained. Hard fought campaigns enhance the electoral process and, therefore, care must be taken to allow healthy competition and open discussion of both issues and candidates' qualifications. On the other hand, appropriate measures are needed to ensure that candidates and committees refrain from practices which would cloud the issues in a campaign or unfairly attack opponents.

There are many ways to approach the subject besides establishment of a separate commission. However, your Committee supports a separate commission acting as a "referee" because such a commission is best suited to maintain this delicate balance. Furthermore, your Committee believes that public disclosure of unfair practices, rather than penalties or other sanctions, are more appropriately addressed through this process. Fines and other deterrents to unfair campaign practices can and will be addressed through criminal and civil actions.

Under this bill, the members of the Commission will be appointed by the Governor from a list of names submitted by the Judicial Council in a manner similar to the procedure for selection of members of the Ethics Commission and Campaign Spending Commission.

This bill further provides that the Commission shall develop a fair campaign practices code which shall be applicable to candidates, political parties, and committees.

Your Committee has made two substantive amendments to this bill. First, your Committee

has provided that the Commission hold a public hearing within twenty-four hours of its decision to hear a complaint, or as soon thereafter as reasonably possible. Your Committee made this change because requiring the Commission to hold a hearing within twenty-four hours of its decision to hear a complaint may place an unreasonable scheduling burden on the Commission.

Second, your Committee has modified the requirement regarding the publication of summaries of complaints so that the identities of persons involved in any complaint are deleted only when the commission: (1) determines there is insufficient cause to conduct a public hearing on the complaint; or (2) issues no findings regarding the complaint.

In addition to these substantive amendments, your Committee made technical, nonsubstantive amendments to this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1147, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1147, S.D. 2.

Signed by all members of the Committee.

SCRep. 711 (Majority) Ways and Means on S.B. No. 711

The purpose of this bill is to establish a state lottery to be operated by a state lottery commission.

Your Committee believes that a majority of Hawaii's residents support the establishment of a state lottery. Your Committee finds that the majority's support of this issue, the revenues which will be generated by the lottery, and the safeguards against criminal manipulation or intrusion in this bill justify the establishment of a state lottery.

The following major amendments have been made.

(1) Language has been inserted providing that the chiefs of police and the attorney general shall be ex officio, voting members of the lottery commission, and not appointed by the governor with the advice and consent of the senate. Amendments to the qualifications of commissioners have been made to conform to this change.

(2) A provision has been inserted into section -18 to require the lottery commission to spend up to one per cent of its gross revenues for an annual study of the economic and social impact of the lottery. A provision has been inserted into section -14 to require the commission to act to minimize the adverse effects of the lottery, as disclosed by the study. Your Committee intends that any adverse social and economic effects be determined, monitored, and addressed.

(3) A provision has been added to section -14 to require the commission to maximize the percentage of lottery ticket sales to visitors. In addition, provisions have been added to section -62 to require at least one-half of all lottery game retailers to locate their sales outlets in hotels and require consideration of the Japanese speaking ability of sales staff when selecting lottery game retailers. Your Committee feels that the participation of and revenues derived from visitors should be maximized.

(4) A provision has been added to section -62 to limit the number of nonhotel lottery game retailers to two hundred fifty in number and prohibit these retailers from selling tickets or shares in supermarkets, grocery stores, or any other place where grocery items are sold to the public. Your Committee intends to prohibit the sale of lottery tickets or shares in stores selling food staples in order to minimize temptation to persons who cannot afford to buy tickets or shares in place of food.

(5) The authorized expenditure of the net revenues of the lottery has been changed. The requirement that specified percentages be spent on certain programs has been deleted. Instead, your Committee has inserted general language which requires the net revenues to be expended for law enforcement, child care facilities, long term care for the elderly, education, and healthy start prevention programs. Your Committee prefers this more flexible approach.

(6) The penalty for violation of the lottery law has been made a misdemeanor.

(7) An appropriation of \$1.5 million has been made for the lottery commission.

(8) The termination date of this Act has been set at July 1, 1995, instead of July 1, 1990. Your Committee feels that this time frame would serve as a more adequate indicator of the performance of the lottery.

Your Committee has also made the following less major amendments.

(1) The staff of the lottery commission has been exempted from chapters 76 and 77, Hawaii Revised Statutes. Your Committee feels that the commission should have more flexibility in the hiring, dismissal, and compensation of staff than is provided under the civil service and the compensation laws.

(2) Language has been included to explicitly make the director, assistant directors, and staff of the commission members of the state employees' retirement system and eligible for other public employment fringe benefits.

(3) The salary levels of the director and assistant directors have been established. In addition, language has been inserted to make the salaries subject to annual review by the commission and allow adjustment by the commission, with the approval of the governor.

(4) The word "commission" has been inserted after "lottery" in the last sentence of section -27.

(5) Language has been inserted in section -97 to make clear that the lottery commission shall be a self-supporting state agency and the lottery shall be a self-supporting state program.

(6) Numbers have been inserted into some of the blanks in the bill, as received. Other blanks, however, have not been filled. Your Committee intends to review the numbers inserted by the House of Representatives and will act appropriately.

In addition, your Committee has made other technical amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 711, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 711, S.D. 2.

Signed by all members of the Committee.
Senators Henderson and A. Kobayashi did not concur.

SCRep. 712 Ways and Means on S.B. No. 398

The purpose of this bill is to transfer all rights, powers, functions, and duties relating to the Molokai, Waimanalo, and Lalamilo Irrigation Systems from the Department of Land and Natural Resources to the Department of Agriculture.

Your Committee finds that in accordance with the State Constitution, it may be necessary to separate powers of development and use from powers of regulation with respect to water, where both powers are located in the same agency. In that context, if a State Water Code is enacted, the Department of Land and Natural Resources may be required to relinquish its development responsibilities for water. Inasmuch as the three state irrigation systems service agricultural users, and the agricultural park program has already been transferred to the Department of Agriculture, the transfer of the irrigation systems would allow better coordination of these services.

Your Committee further finds that the Department of Agriculture has no administrative or technical background or expertise in the management and operation of irrigation systems. Each irrigation system is operated by an Irrigation District Manager and a staff of service workers and general laborers, all of whom are supervised by an Engineering Program Manager. Transfer of the irrigation system officers and employees as provided by the bill will require the establishment of a new position of Engineering Program Manager in the Department of Agriculture.

Your Committee has amended this bill as follows:

Chapter 174, Hawaii Revised Statutes, is reinstated in its entirety. It is intended that the Department of Land and Natural Resources and Agriculture shall jointly review chapter 174, Hawaii Revised Statutes, and any other chapter related to irrigation works development, and recommend appropriate legislation to the 1988 State Legislature to effectuate efficient management and operation of state irrigation systems.

Your Committee has also made other technical, nonsubstantive amendments to this bill for the purpose of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 398, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached

hereto as S.B. No. 398, S.D. 2.

Signed by all members of the Committee.

SCRep. 713 Ways and Means on S.B. No. 1315

The purpose of this bill is to provide the Hawaii Housing Authority (HHA) with greater flexibility in setting the sale price of bonds.

This bill would allow the HHA to sell bonds at par or at less than par, and either through an advertised public sale or by negotiated private sale.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1315 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 714 Ways and Means on S.B. No. 1484

The purpose of this bill is to create a temporary commission on educational governance to review the public school system and various governance alternatives.

This bill establishes a temporary commission consisting of members appointed by the governor and the presiding officers of the legislature which will conduct an objective review of the issues of educational governance. While these issues have revolved around the question of an elected versus appointed board, the intent of this bill is for the commission not to be limited by that immediate issue but to encompass the large and important questions of how best to enlist public participation in the public school system and how best to provide for the development of educational policy. In effect, what is called for is the analysis of a wide range of alternatives relating to governance, some of which are suggested in the bill.

Your Committee has amended the bill by deleting the appropriation provision.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1484, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1484, S.D. 2.

Signed by all members of the Committee.

SCRep. 715 Ways and Means on S.B. No. 1292

The purpose of this bill is to provide allotment and budget flexibility to the County/State Hospital System.

Act 320, Session Laws of Hawaii 1986, provided the University of Hawaii and the Department of Education with the flexibility to manage their own allotment and budgeting as long as they stayed within ceilings established by the governor and the legislature. This bill would provide the same flexibility to the twelve hospitals, along with Hana Medical Center, which comprise the County/State Hospital System.

Your Committee has made technical, nonsubstantive amendments to the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1292, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1292, S.D. 1.

Signed by all members of the Committee.

SCRep. 716 Ways and Means on S.B. No. 359

The purpose of this bill is to establish within the Department of Social Services and Housing (DSSH), a Correctional Industries Division. The Division is to be headed by an administrator with assistance from a Correctional Industries Advisory Board, to include members representing private industry and labor. Revenues generated from correctional industries and deposited into the correctional industries revolving fund may be used by the DSSH to defray the necessary costs of operating and expanding prison industries, such as hiring administrative staff and consultants.

Operation and expansion of correctional industries is highly desirable from the standpoint of reducing inmate idleness, creating useful work opportunities for inmates within the prison

facilities, and developing self-supporting vocational programs for inmates. The passage of this bill is absolutely necessary to promote the development and expansion of correctional facilities within our prison system.

Your Committee finds that this bill would eliminate many of the obstacles which presently impede expansion of prison industries. For example, a serious problem affecting the expansion of correctional industries is the Corrections Division's inability to devote more time and resources to the planning and development of prison industries. This is largely due to the Division's need to focus primarily on addressing issues relating to security and prison overcrowding. Another obstacle is the lack of a comprehensive marketing plan for prison industries necessary to ensure their effective operation and profitability.

This bill would help to resolve these problem areas by establishing a separate industries division managed by an administrator and an advisory board whose major responsibilities will include operating, expanding, and monitoring correctional industries. The existence of a separate division for correctional industries will help to insure that this important area will receive the continuous and focused attention that it needs.

In its testimony on correctional industries, DSSH also cited the need to exempt correctional industries from public bidding requirements. Your Committee finds that this is extremely necessary, as materials and supplies need to be purchased in a timely fashion to maintain an optimum level of efficiency and productivity in the operation of correctional industries. However, this bill also requires the submittal of detailed financial statements and regular audits of correctional industries to insure fiscal integrity and accountability of the Program.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 359, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 717 Ways and Means on S.B. No. 1140

The purpose of this bill is to make the voter registration process more convenient by providing for a self-subscribing oath in the registration process and by allowing voter registration by mail.

The lieutenant governor testified that the proposed bill would help to increase the voter registration rolls; enable disabled, home-bound, and overseas citizens to register to vote; enable the county clerks to better update and maintain voter registration rolls; and make reregistration easier for Hawaii's highly mobile population. Your Committee believes that such improvements to the voter registration process which increase voter accessibility and the accuracy of the rolls are in the public interest. Your Committee also believes, however, that with increased accessibility there should be increased protections against voter registration fraud. Accordingly, your Committee has amended the bill to make any voter registration fraud a class C felony rather than a misdemeanor.

Your Committee has also included an appropriation of \$263,000 in the bill and has made technical amendments which have no substantive effect.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1140, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1140, S.D. 1.

Signed by all members of the Committee.

SCRep. 718 Ways and Means on S.B. No. 361

The purpose of this bill is to update and revise Hawaii's insurance laws as provided in chapter 431, Hawaii Revised Statutes.

In 1985, the legislature provided funds to the insurance commissioner for a comprehensive review of chapter 431. The report on that review, along with recommendations for revisions, was submitted to the legislature along with S.B. No. 1080, which represents the complete rewrite of chapter 431.

This bill consists of twenty-four sections which, if adopted, would be added to S.B. No. 1080. The new sections are designated in accordance with the system utilized in the Uniform Commercial Code, chapter 490, Hawaii Revised Statutes. These sections would authorize the establishment of a commissioner's education and training fund into which rate filing fees would be deposited and expended for staff education and training, and amend various requirements,

rates, fees, and limits relating to capital deposits, investments, tax rates and tax credits, interest, premium rates, rate filing and rating plans, motorcycle and motorscooter policies, title insurance, guarantee funds, reinsurance reserves, and loss and expense reserves under the insurance law.

Your Committee has also made technical, nonsubstantive changes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 361, S.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 361, S.D. 3.

Signed by all members of the Committee.

SCRep. 719 Planning and Environment on S.B. No. 1164

The purpose of this bill is to provide stricter regulation on the purchase and use of pesticides and to make housekeeping amendments to Chapter 149A, Hawaii Revised Statutes (HRS).

Specifically, this administrative bill will do the following:

- 1) Make it unlawful to use, distribute or sell any unlicensed pesticide. Currently, the licensing of pesticide products does not address the use of pesticides which are not presently licensed in the state, nor does it address the use of a pesticide product for which a license has been discontinued;
- 2) Update section 149A-31, HRS, to specify certain pesticide uses which are not unlawful in order to be consistent with the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA);
- 3) Allow the Department of Agriculture to cancel or suspend the use of a pesticide in this State, should there be potential for unreasonable adverse environmental effects. Current law requires a showing of unreasonable adverse effect on the environment;
- 4) Make record keeping requirements mandatory for all pesticide users, as only commercial applicators are currently required to keep records of all restricted pesticide applications; and
- 5) Make housekeeping changes to the chapter.

Your Committee heard numerous supporting testimonies and finds that strict controls on the sale and use of pesticides are needed to minimize the contamination of the environment.

Your Committee amended this bill by adding after the word "water", on line 6, Section 16, page 35, the following phrase: "at or above maximum contaminant level pursuant to section 340E-2". The purpose of this amendment is to clarify the circumstances which require a determination as to whether unreasonable adverse effects exist in the drinking water.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 1164, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1164, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 720 Planning and Environment on S.B. No. 619

The purpose of this bill is to require all private firms engaged in the activity of cesspool pumping to be certified by the State board of certification established under Chapter 340B, Hawaii Revised Statutes.

Your Committee finds that numerous wastewater treatment facilities have been experiencing operational problems due to the discharge of prohibited waste into the municipal sewer system. Samples of the wastewater entering the facilities revealed high concentrations of oil and chemical waste products. Investigation of the commercial establishments connected to the sewer systems indicated that much of the prohibited waste discharges were from private cesspool pumping firms.

Your Committee adopted the Department of Social Service's recommendation that cesspool pumping firms need to know the requirements for disposing of cesspool pumpings and amended the bill accordingly.

Your Committee believes that this amendment would strengthen the bill in assuring that all firms seeking to discharge wastes into municipal sewer systems are aware of existing state and county laws and regulations.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 619, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 619, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 721 (Majority) Ways and Means on S.B. No. 1435

The purpose of this bill is to include psychologists along with psychiatrists in the determination of disability and impairment for the purpose of receiving disability assistance, and to repeal the physician referral requirement under the Hawaii medical assistance program.

Your Committee finds that the current practice of physicians referral provides an unnecessary barrier to consumers seeking health care and who would otherwise seek the help of a psychologist. Psychologists should be treated on an equal basis with psychiatrists.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1435 and recommends that it pass Third Reading.

Signed by all members of the Committee.
Senator Ikeda did not concur.

SCRep. 722 Ways and Means on S.B. No. 911

The purpose of this bill is to require the director of social services to develop guidelines and procedures for and implement a mandatory drug testing program for adult corrections officers at all state correctional facilities.

Your Committee finds that strong case precedent exists to support the constitutionality of mandatory drug testing of prison employees. The federal 8th Circuit Court of Appeals in the case of Hunter v. McDonnell ruled that prison guards may be subjected to random tests of their urine to detect drug use and that such testing does not violate the employees' constitutional right to privacy. The Court emphasized that there are compelling government interests in mandating drug testing. The interests include: the insuring that prison guards are not physically impaired in supervising inmates under stressful and difficult conditions; preventing the passing of contraband from guards to inmates; and preserving the integrity of the prison system.

For these reasons, your Committee finds that this bill is justified and urgently necessary and that the rights of employees, from the standpoints of the test reliability and privacy considerations, are protected.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 911, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 723 Ways and Means on S.B. No. 634

The purpose of this bill is to allow teachers whose hours are equal to one-half of a full-time equivalent position to be served by an exclusive collective bargaining unit.

Under present law, a public employee union may represent part-time employees working twenty or more hours per week. Half-time teachers, however, work seventeen and one-half hours a week based on a thirty-five hour full-time work week.

Your Committee believes that the intent of the present law is to cover any employee who works one-half or fifty percent of the full-time equivalent. However, half-time members of Bargaining Unit 5 do not get this benefit even though they work half of the standard full-time work week for teachers. This bill would correct this inequity.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 634, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 724 Labor and Employment on S.B. No. 183

The purpose of this bill is to increase the fine from \$2,500 to \$5,000 for wilful false statements or representations made to obtain workers' compensation benefits.

Your Committee received favorable testimony from various organizations in the community and concurs with their assessment that an increased penalty will provide greater deterrence to fraudulent claimants.

Your Committee has amended the bill on page 2, by making technical changes which have no substantive effect.

Your Committee on Labor and Employment 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 placed on the calendar for Third Reading.

SCRep. 725 Labor and Employment on S.B. No. 307

The purpose of this bill is to prohibit an employer from charging a job application fee.

Testimony from the Director of Labor and Industrial Relations indicated that there are some employers who presently charge a fee for application processing. If this practice becomes widespread, employers will be able to collect substantial sums from hopeful job applicants, most of whom will not obtain the job for which an application fee was paid. Your Committee finds that this practice should be curtailed in order to prevent the exploitation of job seekers.

Your Committee received testimony from Tim Lyons of the Hawaii Business League, who recommended additional language be added to clarify that this bill has no effect whatsoever on legitimate employment agency fees whether employee or employer paid.

Your Committee adopted the recommendation of Mr. Lyons and amended section 1 of the bill by inserting the following phrase at the beginning of the proposed new section:

"Except as provided for by chapter 373 and rules adopted thereto,"

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 307, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 307, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 726 Labor and Employment on S.B. No. 308

The purpose of this bill is to allow the Department of Labor and Industrial Relations to provide data on apprentices to the United States Department of Labor (USDOL) for input into the Apprenticeship Management System (AMS).

Currently, Chapter 92E, Hawaii Revised Statutes, prohibits disclosure of personal records to any person other than the individual to whom the record pertains unless the disclosure is pursuant to a statute of this state or the federal government that expressly authorizes the disclosure.

This bill will provide the expressed statutory authority for the disclosure of data to the AMS.

The AMS is a national computerized data collection system of the USDOL. It involves the collection of individual apprentice data and apprenticeship program data from all 50 states. AMS permits easy input and extraction of data and also provides the Department with national, regional and state statistical data.

Your Committee heard supporting testimony and finds that data from AMS are useful in projecting trends and indicating growth of apprenticeship by occupations, industry and geographical data.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 308 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 727 Labor and Employment on S.B. No. 309

The purpose of this bill is to prevent reports which are prepared by the Department of Labor and Industrial Relations in administering the Hawaii Occupational Safety and Health Law from being used in civil litigation.

Currently, statements and reports received by the Department in administering the OSHA law are prohibited from being used in civil litigation. This bill extends the same protection to reports prepared by the Department.

Your Committee heard supporting testimony from the Department of Labor and Industrial Relations and finds that the Department is experiencing an increasing number of requests for information related to civil litigation. It further finds that this bill will address the Department's concerns by protecting documents and reports prepared by the Department as well as those that are received.

Your Committee has amended the bill by correcting a typographical error on line 3.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 309, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 309, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 728 Labor and Employment on S.B. No. 312

The purpose of this bill is to add attorneys to the specified list of positions excluded from collective bargaining in order to confirm the existing exclusion of attorneys.

Currently, the collective bargaining law defines those positions which are to be excluded from collective bargaining coverage. The current language specifically designates several categories of high ranking officials as excluded. The specified categories in the current statute are limited to assistant division chiefs, division chiefs and higher-level officials. It also provides for the exclusion of "other top-level managerial and administrative personnel" and personnel "concerned with confidential matters affecting employee/employer relations."

Your Committee, upon hearing testimony from the Director of Personnel Services, State of Hawaii, finds that the brevity of the general phrases used in current language has resulted in varied interpretations and substantial, time-consuming and costly disagreements. It further finds that it is in the best interest of all parties to identify as clearly and as unambiguously as possible those positions which are excluded from collective bargaining coverage and thereby reduce misunderstandings.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 312 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 729 Labor and Employment on S.B. No. 310

The purpose of this bill is to prohibit the use of statements or reports prepared in connection with the administration or enforcement of the Boiler and Elevator Safety Law to be used in civil litigation.

Currently, accident and illness information and the source thereof is protected by statute to enhance the quality and accuracy of such information. However, reports prepared by the investigatory staff of the Department of Labor and Industrial Relations, which includes witnesses' statements, hearsay, etc., are not covered.

Your Committee received testimony from the Department of Labor and Industrial Relations that it is experiencing an increasing number of requests for information related to civil litigation and finds that to allow the release of reports prepared by the department would affect the quality and accuracy of information which would be provided to the department.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 310 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 Labor and Employment on S.B. No. 505

The purpose of this bill is to expand the scope of the type of annuities that may be purchased for certain state employees.

The current law permits the Department of Education and the University of Hawaii to enter into a written agreement with an employee to purchase for the employee an annuity contract from an insurer who holds a certificate of authority under Section 431-82, Hawaii Revised Statutes.

This bill proposes to allow purchase of the annuity contract from any other person or entity from whom such an annuity may be purchased under Section 403(b) of the Internal Revenue Code of 1954, as amended. A certificate of authority would not be required for these types of annuities.

Your Committee heard supporting testimony and finds that this bill will allow for greater investment opportunities for University of Hawaii and Department of Education employees.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 505 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 731 Labor and Employment on S.B. No. 1000

The purpose of this bill is to make recall lists first in the sequence of lists from which names are to be taken when certifying eligibles to fill vacant civil service positions.

Currently, whenever there is a vacant civil service position to be filled, names shall be selected from lists in the following order: first the promotional lists, second the recall lists, third the reemployment lists, and fourth the open-competitive lists. This bill reverses the sequence by placing recall lists first, promotional lists second, and reemployment and competitive lists remaining third and fourth, respectively.

The director of the department of personnel services testified that collective bargaining contracts presently contain a provision requiring that in a reduction-in-force situation, the affected employees shall have priority for placement in the vacant positions for which they are referred. Your Committee finds that this bill would assure equal treatment of both included and excluded employees in situations involving reductions-in-force.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1000 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 Labor and Employment on S.B. No. 1072

The purpose of this bill is to entitle administrators and assistant administrators who are appointed after June 30, 1987 and who, prior to their appointments, had permanent civil service status, to regain their permanent civil service status when their appointments are terminated.

Currently, hospital administrators and assistant administrators appointed before July 1, 1983, maintain their permanent civil service status pursuant to chapters 76 and 77.

This bill will encourage qualified applicants with permanent civil service status to apply for administrator and assistant administrator positions in the County/State Hospitals Division, since they will be able to regain their permanent civil service status when their appointments are terminated, therefore increasing the pool of qualified applicants for these positions. This bill further allows administrators and assistant administrators who presently have permanent civil service status to be converted to an exempt status and entitled to regain permanent civil service status when the exempt appointment is terminated.

Your Committee heard testimony in support of this bill from the Department of Personnel Services which suggested amendments to this bill.

Your Committee, upon consideration, has adopted the recommendations proposed by the Department of Personnel Services and has amended the bill by deleting lines 9-13 on page 1 and adding the following:

"The director of health shall grant a regular hospital administrator or assistant administrator

a leave without pay for employment in an exempt hospital administrator or assistant administrator position in the County Hospital Division of the Department of Health, provided the leave is for a period not to exceed four years from the date of the exempt appointment and may be extended, by the director of health, for an additional four years. Upon reinstatement in the former position, the employee shall be compensated as though the employee had remained continuously in the position in which the employee last held a permanent appointment."

The purpose of the amendment is to clarify the individuals to be affected by this bill by providing a means by which the individual's return rights will be protected through leave without pay, specifying the duration of the leave without pay, and clarifying the compensation rate at which the individual is to return.

Your Committee further amended the bill by making technical changes which have no substantive effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1072, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1072, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 733 Labor and Employment on S.B. No. 1083

The purpose of this bill is to create an exemption from the Civil Service Law to allow Department of Housing and Urban Development Section 8 employees to be retained for the duration of federal funding of the Section 8 program.

Presently on Kauai, HUD Section 8 employees are employed pursuant to Section 76-77(7), Hawaii Revised Statutes, which permits only a one year contract.

This bill would allow these employees to be retained on a long term basis, without conflicting with the administration's long established policy of not creating civil service positions when funding for such positions comes from the federal government.

Your Committee heard supporting testimony from the Equal Housing Opportunity Officer County of Kauai and the Chairman of the Kauai County Council and finds that Section 8 employees should have more employment security by way of a long term contract for the duration of the Section 8 funding.

Your Committee has amended this bill by retaining references relating to "CETA" which was mistakenly proposed to be deleted in the bill as introduced.

Your Committee has further amended this bill by adding a clause clarifying that positions funded under the housing and urban development section 8 housing assistance program "may be for the duration of the federal funding contract allocation;" to line 18, page 4 of the bill as received.

Your Committee on Labor and Employment 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 placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 734 Labor and Employment on S.B. No. 1174

The purpose of this bill is to strengthen the enforcement of Chapter 104, Hawaii Revised Statutes.

Section 104-3, Hawaii Revised Statutes, provides that certified copies of payrolls be submitted to the governmental contracting agency to ensure that workers engaged on public works projects are paid the prevailing wage.

This bill would make job site inspectors from the applicable governmental contracting agency solely responsible for insuring that certified copies of payrolls submitted by the general contractors, conform with the applicable wage and benefit rates. The bill would also require that the director of the applicable contracting agency insure that the certified payrolls are consistent with the job site reports.

Your Committee heard testimony in support of this bill from the Market Recovery Fund, a joint labor-management organization formed by Painters Union Local 1791 and the Painting and

Decoration Contractors Association of Hawaii. The premise of their support was that the bill would make more efficient use of the State's personnel resources in ensuring contractor compliance with Chapter 104.

Conversely, the Department of Labor and Industrial Relations testified in opposition. The Department's concern was that it would be more efficient to staff a central agency to administer all of the provisions of Chapter 104 requiring enforcement. Hence, the Department opposed placing the responsibility of enforcing Chapter 104 with the contracting agency.

After due consideration of this bill, and the testimonies, your Committee has amended Section 104-3(1)(c), Hawaii Revised Statutes, to read as follows:

"(c) The applicable governmental agency shall monitor the certified copies of payrolls submitted by general contractors, and shall report any detected violations or suspected violations of section 104-2 to the director of labor and industrial relations."

This amendment places responsibility on the applicable government agency to insure that certified copies of payrolls submitted by general contractors, conform and are consistent with the job site reports.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1174, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1174, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 735 Labor and Employment on S.B. No. 1165

The purpose of this bill is to eliminate fact-finding from the impasse procedures set forth in Chapter 89, Hawaii Revised Statutes.

The bill deletes all references to the fact-finding process found in Sections 89-11, 89-12, and 89-13, Hawaii Revised Statutes, and amends the mediation procedure. It provides that if the dispute is unresolved 30 days after an impasse is declared or if the parties cannot agree to refer the dispute to final and binding arbitration, the mediator is to inform the Hawaii Labor Relations Board of the remaining issues in dispute and the Board is to make these issues public.

Your Committee received supporting testimony from the State Office of Collective Bargaining, the Hawaii Government Employees Association (HGEA), and the Hawaii State Teachers Association (HSTA) and finds that throughout the history of our public sector collective bargaining, the parties never utilized any fact-finding panel's recommendations in settling a contract. It further finds that it is reasonable to delete the fact-finding provision and thereby avoid the costs and effort involved in the preparation of fact-finding documents and reports and the lengthy fact-finding panel hearings. Based on past experience, the elimination of the fact-finding process would have little or no impact on the parties involved in negotiations and would more likely streamline the negotiation process.

Your Committee has amended the bill by making technical changes which have no substantive effect.

Your Committee on Labor and Employment 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 placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 736 Labor and Employment on S.B. No. 1176

The purpose of this bill is to include salary schedules of teachers as an item for negotiation.

Presently, public employee unions are allowed to bargain incremental and longevity steps and movement between steps within the salary range. In the case of teachers (Unit 5), the salary ranges or classes of teachers are non-negotiable items. There are seven classes for teachers:

Class I: Teachers with less than a bachelor's degree;

Class II: Teachers with a bachelor's degree;

Class III: Teachers with a bachelor's degree plus 30 credits; teachers with a master's degree;

- Class IV: Teachers with a bachelor's degree plus 45 credits; teachers with a master's degree plus 15 credits;
- Class V: Teachers with a bachelor's degree plus 60 credits; teachers with a master's degree plus 30 credits;
- Class VI: Teachers with a bachelor's degree plus 75 credits; teachers with a master's degree plus 45 credits; and
- Class VII: Teachers with a PhD.

Your Committee received supporting testimony from the Hawaii State Teachers Association and the University of Hawaii Professional Assembly, who expressed that having salary schedules as non-negotiable items makes it difficult to adequately address the issue of salary.

Conversely, the Office of Collective Bargaining testified in opposition to this bill with the premise that negotiations over salary ranges would be inconsistent with one of the six merit principles and the principles of equal pay for equal work.

After due consideration of the bill and testimonies, your Committee believes that it is more appropriate to amend section 89(1)(d) rather than section 89(1)(a). Accordingly, your Committee amended the bill by excepting the classification and salary ranges of teachers from subjects excluded from negotiations. Furthermore, to provide for congruency within Chapter 297, Hawaii Revised Statutes, your Committee has also provided that sections 297-31.1, 297-32, and 297-33 are repealed. Finally, in order not to disrupt current negotiations, the effective date of the bill has been changed to July 1, 1988.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1176, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1176, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 737 (Majority) Labor and Employment on S.B. No. 1175

The purpose of this bill is to make certified copies of payrolls submitted to the governmental contracting agency available for public inspection and reproduction.

Under existing laws, enforcement of the Little Davis Bacon Act has been left to the department of labor and industrial relations and the contracting agencies. The functions, roles, and resource capabilities of these agencies vary. Accordingly, prompt and consistent enforcement has not been assured.

Your Committee heard supporting testimony from Plumbing and Mechanical Contractors Association of Hawaii and the Market Recovery Fund.

Conversely, the department of accounting and general services testified in opposition to this bill. The department expressed concern that the information contained in the payroll should not be open to public scrutiny except to those who have an overriding necessity to know. Furthermore, confidential information in the hands of competitors would be detrimental to contractors and their subcontractors in future bidding.

Your Committee has carefully considered and reviewed the testimony presented and finds that this bill would allow public access to certified copies of public works project payrolls, thereby strengthening and enhancing the protection of Hawaii's workers and law abiding contractors.

After due consideration, your Committee has amended this bill on page 3, line 4, to clarify that certified copies of payrolls will be available to "employees, employee representatives, any employer or contractor representative".

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1175, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1175, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator B. Kobayashi did not concur.

SCRep. 738 Labor and Employment on S.B. No. 1370

The purpose of this bill is to permit a contractor on public works construction projects to pay temporary summer hires less than the prevailing wage.

This bill also repeals the requirement that construction workers on government projects receive overtime pay for work performed on weekends, holidays, or in excess of eight hours a day, regardless of the total hours worked during a week. Instead, overtime pay would be required for all hours worked in excess of forty hours in any one work week.

Presently, the department of labor and industrial relations determines the prevailing wages for the various classes of laborers and mechanics on projects of similar character in the State. This bill permits the practice of paying students employed during the summer less than the predetermined prevailing rate.

The director of the department of labor and industrial relations testified that this bill provides no safeguards for regular employees, and that the employment of temporary employees on public works projects may displace regular employees.

After due consideration, your Committee has amended the bill to:

- (1) Provide definitions for "bona fide student" and "summer hire";
- (2) Allow the contracting officer to establish the special classes and rates for summer hires;
- (3) Provide penalties for employers who displace regular workers with temporary summer hires; and
- (4) Make technical amendments which have no substantive effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1370, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1370, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 739 Labor and Employment on S.B. No. 1371

The purpose of this bill is to amend section 386-92, Hawaii Revised Statutes, to mandate that compensation be paid by an employer or insurance company within twenty-one days instead of thirty-one, and to propose the incorporation of an exclusive remedy provision for actions against an employer or insurance carrier for malice or bad faith.

Your Committee believes that civil lawsuits premised on alleged bad faith practices by an employer or an insurance carrier and the potential financial impact of such litigation on the workers' compensation system is not in consonance with the system's fundamental intent and structure.

This bill would allow the department of labor and industrial relations to assess a penalty of up to 200 per cent of the total unpaid compensation in dispute which would be the exclusive remedy against an employer or insurance carrier for malice or bad faith.

Your Committee, upon consideration, has amended the bill on page 2, line 17, to limit the department of labor and industrial relations in assessing the penalty against either the employer or the insurance carrier, but not both. This amendment will prevent a 400 per cent penalty, which would occur if both the employer and the insurance carrier were to be penalized.

Your Committee has further amended the bill by making technical changes which have no substantive effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1371, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1371, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 740 Labor and Employment on S.B. No. 1377

The purpose of this bill is to conform state law to the federal "Walsh-Healy" Act relative to wage rate computation on public works projects.

Presently, the statutes provide for overtime pay on government construction projects if an employee works over eight hours a day, whether or not the employee works forty hours a week. The bill would delete the requirement that overtime be paid for all hours worked in excess of eight hours on a regular work day.

The proposed bill also addresses one of Hawaii's biggest problems, traffic congestion during peak hours. This bill would allow for a four-day work week for certain employees, working on government construction projects, thereby reducing some of the traffic during the work week.

Your Committee received testimony from the National Federation of Independent Business, the Construction Industry Legislative Organization, Inc., the Hawaii Business League, and the Building Industry Association of Hawaii in support of this bill.

Your Committee has amended the bill to provide that if Section 104-2, Hawaii Revised Statutes, conflicts with any collective bargaining agreement, the collective bargaining agreement will control.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1377, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1377, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 741 (Majority) Labor and Employment on S.B. No. 1386

The purpose of this bill is to amend the method of computing the average weekly wages of a worker employed on a part-time basis where it can be shown that the employee sought or accepted employment on a part-time basis or held part-time employment that is normally filled by part-time employees.

Currently, the law prohibits the computation of an employee's average weekly wages at less than his hourly rate of pay multiplied by 35. The law also provides that, where there is a full-time employee in comparable employment, the part-time employee is entitled to the same weekly compensation as the full-time employee.

This bill proposes that the computation of the part-time worker's average weekly wages be equal to his hourly rate of pay multiplied by the average hours worked in the four weeks preceding the week in which the injury occurred. Workers who are considered statutorily permanently and totally disabled would be excluded and receive their benefits based on full-time employment.

Testimony received from the Department of Labor and Industrial Relations recommended that the bill be amended to permit part-time employees to receive the same permanent partial disability, death and other benefits as a full-time worker, by specifying that this measure only apply to section 386-31(b). Furthermore, to be consistent with the changes made to section 386-51, section 386-31 must also be amended.

Your Committee adopted the recommendations of the Department of Labor and Industrial Relations and has amended the bill accordingly.

Your Committee has further amended this bill by making a technical change which has no substantive effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1386, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1386, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator Yamasaki did not concur.

SCRep. 742 Labor and Employment on S.B. No. 1388

The purpose of this bill is to mandate that the construction, interpretation, and administration of the civil service and compensation statutes shall be uniform among the State and the various counties.

Currently, the statutes only provide that it is the intent of the legislature that there be uniformity among the State and counties with respect to chapters 76 and 77, Hawaii Revised Statutes. This bill would make uniformity mandatory.

Your Committee heard supporting testimony from the Director of Personnel Services and the Hawaii Government Employees Association and finds that it would be in the public interest to have standardized rules, interpretations and applications.

Your Committee has amended sections 1 and 2 of the bill by inserting the phrase "Notwithstanding any law, ordinance, or rule to the contrary", to allay the concerns of the Department of Personnel Services.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1388, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1388, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 743 Labor and Employment on S.B. No. 1389

The purpose of this bill is to require timely initiation of investigations relating to violations of Chapter 104, Hawaii Revised Statutes, and to construe violations on different projects as multiple offenses.

Chapter 104, also known as the Little Davis-Bacon Act is to ensure that workers on public works projects are paid the prevailing wage.

The bill would require the Department of Labor and Industrial Relations (DLIR) to give preference to the investigation of complaints which allege wage and hour violations. It also requires the Department to commence its investigation of an ongoing project before the project is substantially completed and all other investigations under this chapter within thirty days following receipt of the complaint.

Your Committee heard testimony from the ILWU, Local 142, UPW, and the Market Recovery Fund in favor of this bill as it would strengthen the enforcement of Chapter 104. The DLIR however, expressed concerns regarding the adverse effect on other programs if Chapter 104 complaints were given priority over other investigations conducted by the Department.

Your Committee, upon consideration of the testimony presented, concluded that requiring the DLIR to give priority to investigations as proposed would disrupt the operations and other investigations of the Department and the bill has been amended to delete the proposed requirement.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1389, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1389, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 744 Labor and Employment on S.B. No. 1399

The purpose of this bill is to ensure that workers engaged on public works projects are paid the prevailing wage which includes fringe benefits.

Currently, the law requires that employees on public works projects be paid hourly rates equal to one and one-half times the basic hourly rates for work on weekends, holidays, or for more than eight hours per day of a forty hour week. However, the collective bargaining contracts, presently call for overtime rates to apply to fringe benefit packages as well as the basic hourly rate.

This bill intends to conform state law with the federal law as provided in the Little Davis-Bacon Act and recognize the prevalence of the practice in the construction industry.

Your Committee heard supporting testimony and finds that this bill will serve to put all bidders on an equal footing and give equal chance to those contractors who have collective bargaining agreements which call for the application of overtime rates to fringe benefits.

Your Committee has amended the bill by inserting the following proviso in page 2, line 3:

"provided that in the event this provision conflicts with any collective bargaining agreement, the provision in the collective bargaining agreement will control."

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1399, as amended herein, and recommends that it pass Second Reading in the form attached

hereto as S.B. No. 1399, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 745 Labor and Employment on S.B. No. 1504

The purpose of this bill is to place two additional categories of employees outside of workers' compensation coverage.

Specifically this bill would exclude from the definition of employment (1) services performed for an employer by an individual who is concurrently an employee of a second corporation in which the individual has an ownership interest and (2) services performed by an individual for a corporation if the individual owns a percentage of that corporation and elects to waive coverage.

Your Committee, upon consideration of testimonies from Hawaii Business League and objections from the Department of Labor and Industrial Relations, has amended the bill to provide that the exclusion described in (1) above shall apply only if the employee's ownership in both corporations exceeds 51 percent.

The bill has been further amended to provide in the case where the employee is a part-owner of the corporation, the employee shall be excluded only if the employee owns 51 per cent or more of the corporation and elects to waive coverage.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1504, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1504, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 746 Labor and Employment on S.B. No. 1508

The purpose of this bill is to extend the time period within which an employee must file a written workers' compensation claim when the employer fails to submit an injury report to the department of labor and industrial relations.

Under the present law, an employer is required to file a report within seven working days after an employee has notified the employer of an injury received in the course of employment. If the accident report (WC-1) shows that the employer accepts industrial liability, the matter is processed and there is no need to file an industrial claim. However, if an employer denies industrial liability on the WC-1, the injured worker will be notified by the department of the denial and the injured employee must then submit a claim form (WC-5) within five years after the date of the accident or occurrence which caused the injury in order to be compensated.

Although there are established procedures for employers to follow, there are some employers who either intentionally or negligently fail to file the WC-1. In these situations, an employee would never be informed that the employee must file a WC-5 thereby subjecting a legitimate claim to being barred by the present five year time limitation. Furthermore the Supreme Court of Hawaii has held that under existing law the failure of an employer to file its report will not toll the time limitation.

Your Committee received favorable testimony from the ILWU and Mr. Robert Mizuno, a former principal with the department of education and finds that this bill will rectify the present predicament that employees are subjected to by tolling the time limitations imposed on worker's compensation claims for the period that the employer fails to file the injury report. Your Committee believes that this measure will also provide an incentive to employer's to fulfill the injury reporting requirements under present law.

Your Committee, upon consideration of the bill and the testimonies received, was informed that Mr. Robert Mizuno was placed in a similar predicament whereby his claim was barred due to the present laws on time limitations. In this respect, your Committee believes that individuals such as Mr. Mizuno should be allowed to reopen their industrial claims within six months of the effective date of this bill, subject to existing procedures and laws, except for the defense of the time limitation having run.

Your Committee has amended the bill to provide that the employer must have actual knowledge of the injury occurring to the employee before the claim is tolled. This amendment will insure that the employer has appropriate notice of the injury.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B.

No. 1508, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1508, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 747 Labor and Employment on S.B. No. 1702

The purpose of this bill is to repeal the limit on the number of exempt employees within the Office of the Lieutenant Governor.

Currently, Section 76-16(5), Hawaii Revised Statutes, limits the number of exempt positions for administrative purposes in the Office to eight. This bill would permit the Lieutenant Governor to employ exempt staff as necessary with the exception of the six permanent elections positions that are presently civil service.

Your Committee finds that the demands made upon the Office of the Lieutenant Governor have increased substantially since the limit was established in 1976, concomitant to the State's population and economic growth and the overall expansion of State government. Your Committee believes that repealing the limit would allow the Office the flexibility to respond to these workload demands and the new responsibilities that are being assigned by the Governor.

Your Committee has amended the bill by deleting a comma on page 8, line 5, for the purpose of conformance with current statutes.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1702, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1702, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 748 Labor and Employment on S.B. No. 1742

The purpose of this bill is to provide that any retired public employee who returns to government service after June 30, 1984, shall be reenrolled in the same class from which the employee originally retired.

Your Committee received supporting testimony from the secretary of the Employees' Retirement System and finds that this bill is in accord with the original intent of the noncontributory retirement plan which was enacted into law in 1984. It further finds that there would be no additional cost to the employer.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 1742 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 749 Judiciary on S.B. No. 161

The purpose of this bill is to authorize the immediate suspension of the driving privilege of repeat offenders of the driving under the influence of intoxicating liquor (DUI) laws.

As originally drafted, this bill requires a police officer to take the license or permit of an individual who is arrested for driving under the influence of intoxicating liquor, refuses to take a breath or blood test, and has a prior conviction of driving under the influence of intoxicating liquor. The license would be kept by the arresting officer until presented to the judge at the hearing provided under Section 286-156. Disposition of the license or permit is left to the discretion of the district judge.

Testimony in support of the bill was received from the Department of Health, Mothers Against Drunk Driving, Honolulu prosecutors office and private citizens.

Your Committee received testimony that practical problems exist in identifying repeat offenders. Currently, a conviction for a DUI offense is recorded in a computer system. Under the original bill, when an officer makes an arrest, he would make a computer check to determine if the person is a repeat offender. If the computer indicates a record, the officer shall order the person to surrender his license. This places heavy reliance on the accuracy and availability of the computer. The testimony indicated that a backlog exists of records which have not been fed into the computer system, that the computer was unavailable for certain periods of the day and that there may be inaccuracies in the information provided by the

computer. Furthermore, persons with multiple arrests for DUI and awaiting trial would not be identified as repeat offenders. Thus, the intent of the bill may be frustrated.

Your Committee was also informed that of the 4,309 persons convicted of a DUI offense in fiscal year 1986, only 319 persons were repeat offenders. Consequently, this bill would address a very limited number of persons given the number of readily identifiable repeat offenders and the total number of the driving public.

For these reasons, this bill was amended to provide an administrative license suspension system which would be applicable to all drivers arrested for DUI. The amendments would also provide for administrative and judicial review to guard against erroneous revocations. Passage of this bill as amended would also make additional federal funds available to the State.

In addition, this bill was amended to repeal sections 286-155 and 286-156, and made appropriate technical changes in existing statutes which referred to these sections.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 161, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 161, S.D. 1.

Signed by all members of the Committee.

SCRep. 750 (Majority) Judiciary on S.B. No. 220

The purpose of this bill is to allow the imposition of the death penalty in murder cases, with the ultimate sentence decision by the court. It requires the court to set forth its findings in writing where the death penalty is ordered. The Hawaii Supreme Court is required to review the conviction and sentence in all cases where the death penalty is imposed.

The bill mandates execution by the lethal injection where the death penalty is imposed. A sentence of life imprisonment without parole is required in all other cases. The bill provides that if the Hawaii Supreme Court or the United States Supreme Court were to hold the death penalty unconstitutional, all persons sentenced to death would be resentenced to life imprisonment without parole.

Your Committee believes that capital punishment should be incorporated into the penal code. Reasons which support this position include the following: capital punishment is constitutional; it is an appropriate sentence for imposition in certain cases; it has a deterrent effect; and the majority of the public believes in imposing the severest of sanctions.

Historically, most societies have recognized the need for capital punishment for extreme offenses. Your Committee believes there is good reason for this. The United States Supreme Court has ruled that capital punishment is constitutional and thirty-seven states have already enacted capital punishment legislation. Hawaii is currently one of only 13 states which have not yet reinstated capital punishment.

Public support for capital punishment has increased dramatically since 1966. At that time, there was a legal moratorium on capital punishment, yet a Gallup poll showed that 42% of those surveyed favored capital punishment; by 1985 support had risen to 72%. Cable News Network reported in January, 1987, that public support had reached a record 86%.

Many studies have been cited regarding the deterrent effect of capital punishment. According to U.S. Department of Justice statistics, during the ten year "legal moratorium" on capital punishment in the United States from 1966 to 1976, the murder rate rose 59% while the population increased 8%. Five years after the United States Supreme Court lifted its ban on capital punishment, the population continued its 8% growth rate, but the murder rate increased by only 3%. Capital punishment legislation will serve to deter persons in society who might consider such a crime from actually carrying it out.

It is often stated that the punishment should fit the crime. Your Committee believes that, with proper parameters set, capital punishment could be the appropriate sentence for imposition by the courts. As mandated in the bill, aggravating and mitigating factors should be considered in the imposition of sentence.

Your Committee received considerable testimony, both in favor and in opposition to this issue. Much of the opposing testimony centered on the possibility of inconsistent imposition of the sentence and the possibility of making an error which cannot be rectified once the sentence has been carried out. Your Committee believes this bill provides safeguards to prevent the possibility that an innocent person will be sentenced to death.

This bill calls for a bifurcated trial so that, upon the second conviction of a defendant who has previously been convicted of murder, a separate sentencing proceeding will be held. A recommendation of death will require the unanimous vote of the jury based on the clearly defined aggravating circumstances and the absence of sufficient mitigating circumstances. To provide further safeguards, your Committee amended this bill to require that there must be at least two eye witnesses, if a conviction is based on eye witness testimony, before the death penalty may be imposed.

Furthermore, the conviction and sentence of death shall be subject to automatic review by the Supreme Court within ninety days after certification of the sentence. Your Committee amended the bill to specify the procedures to be followed by the Supreme Court during this review, as well as deleting those sections which are only housekeeping sections.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 220, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 220, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senators Holt and George did not concur.

SCRep. 751 Judiciary on S.B. No. 465

The purpose of this bill is to amend the Constitution of the State of Hawaii to reduce from six to three the number of nominees presented to fill vacancies in the office of the chief justice or the supreme court, intermediate appellate court, circuit courts or district courts.

The Judicial Selection Commission is a nonpartisan, independent organization, composed of both attorneys and lay people, which conducts rigorous examinations of candidates to fill vacancies for justices or judges. Currently, the Judicial Selection Commission ranks each candidate in order of qualifications from one to six. The appointing authority then selects one of the six. Thus, the sixth, or least qualified, candidate on the list may be selected even though there are five candidates considered more qualified by the Judicial Selection Commission.

Your Committee heard testimony from a former member of the Judicial Selection Commission stating that there was often a sharp drop in the qualifications of candidates after the third candidate. He even indicated that the Commission sometimes has difficulty obtaining a majority vote in support of candidates on the bottom half of the list because of questions on the qualification of such candidates. No testimony was received in opposition to this bill.

In essence, the present system of allowing the appointing authority six choices does not ensure that only the most qualified are chosen. Your Committee believes that reducing the number of persons approved for selection as a justice or judge from six to three will ensure the appointment of qualified justices and judges. At the same time, it will still provide sufficient latitude to the appointing authority.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 465 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 752 Judiciary on S.B. No. 268

The purpose of this bill is to allow the Governor, and with his authorization, the Director of Social Services and Housing, to consent to the transfer or exchange of offenders in accordance with the terms and treaties existing between the United States and foreign countries.

Your Committee received testimony from the Department of Social Services and Housing that more than twenty-five states currently participate in this international transfer program. This bill will enable the State of Hawaii to return foreign prisoners to their homeland to serve their time of incarceration. The Department of Social Services and Housing noted that Hawaii's participation in the treaty will be at no cost to the State. The cost of transportation and escort for foreign prisoners will be borne by the affected foreign country.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 268, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 753 Judiciary on S.B. No. 796

The purpose of this bill is to require justices and judges to file public financial disclosures with the state ethics commission.

Your Committee has amended the bill to conform generally to testimony provided by the state ethics commission. Your Committee has amended the bill as follows:

- (1) Amended section 84-2, Hawaii Revised Statutes, to make clear that justices and judges are subject to chapter 84, Hawaii Revised Statutes, only for the purpose of filing financial disclosure statements.
- (2) Deleted section 2 of the bill, in keeping with the change described in paragraph numbered 1, leaving the definition of "employee" as it is presently under the law.
- (3) Amended section 84-17(a), Hawaii Revised Statutes, by including justices and judges therein for consistency purposes.
- (4) Amended sections 84-17(c) and 84-17(d), Hawaii Revised Statutes, to further add judges of the district family court since it is the Committee's intention to require all judges to file disclosure statements. Your Committee believes that this addition should be made because, under section 571-8, Hawaii Revised Statutes, there is a clear distinction between a district court and a district family court.
- (5) Amended sections 84-17(i), 84-31(a), and 84-38, Hawaii Revised Statutes, to conform to this bill certain procedural provisions followed when persons required to file disclosures fail to do so. Specifically, these amendments provide that failure of a justice or judge to file a financial disclosure would be a violation of chapter 84, Hawaii Revised Statutes; require the ethics commission to render advisory opinions to justices and judges regarding the disclosure of financial interests; and require certain powers and duties with respect to justices and judges to be assigned to the chief justice.

Your Committee has also made technical, nonsubstantive changes to the bill.

Your Committee, in keeping with testimony provided by the state ethics commission, believes that the commission is the most appropriate repository of judicial financial disclosure statements because the administrative procedures are already in place in that office. Presently, the state ethics commission administers the disclosure law, which includes members of all three branches of government: the executive, the legislative, and the judicial. Although most individuals who are required to file disclosures are a part of the executive or legislative branch, a number of judiciary employees are currently required to file financial disclosures. Furthermore, because the state ethics commission currently receives the disclosures of both executive and legislative officials for public review, having the public disclosures of justices and judges in the same office would provide the public with one place to seek this information.

Your Committee believes that public financial disclosures have strengthened the public's confidence in its public officials and believes that a similar result may occur with respect to justices and judges. Justices and judges are currently subject to strict scrutiny by a number of judicial bodies and are required to follow a number of financial restrictions in the Code of Judicial Conduct. Nevertheless, your Committee believes that public disclosure of justices' and judges' financial interests will be salutary: it will be clear to all participants in the judicial process and to members of the general public, not just to the individual judges involved, where disqualification is required. If one is able to simply refer to the disclosure statements, much guesswork or unfounded allegations may be eliminated: greater confidence on the part of the public in the state's institutions will be a likely result.

Your Committee notes that there may be some concern about the multiple jurisdictions that justices and judges will be subject to if this bill is passed. In the event that this bill becomes law the only authority given to the state ethics commission would be to perform the administrative task of collecting the disclosure forms for public review and, if necessary, investigating only when a justice or judge has not complied with the law by not filing the required form. In this instance, the state ethics commission acts as the fact-finder and is without remedial enforcement power or any disciplinary jurisdiction; that will remain the sole responsibility of judicial agencies.

There may also be a question of whether it is constitutionally possible to require justices and judges to file disclosures with an executive or legislative agency. Research by the state ethics commission's staff in 1985 indicated that twenty-one states require such filings; seventeen by statute and only four by court rule.

There were fifteen states that had a statutory requirement that judges file financial disclosure statements with an ethics commission or similar governmental agency. These states

were:

Alabama (Ethics Commission)
Alaska (Public Offices Commission)
California (Fair Political Practices Commission)
Florida (Commission on Ethics)
Illinois (Board of Ethics)
Kentucky (Financial Disclosure Review Commission)
Massachusetts (Ethics Commission)
North Dakota (Secretary of State)
Oregon (Government Ethics Commission)
Pennsylvania (Ethics Commission)
Rhode Island (Conflict of Interest Commission)
Texas (Secretary of State)
Utah (Secretary of State)
Washington (Public Disclosure Commission)
Wisconsin (Ethics Board)

Judges were requested to file disclosures in six of these fifteen states, Florida, North Dakota, Texas, Utah, Washington, and Wisconsin, because they were elected to judicial office and the requirement for filing extended to candidates and/or elected officers.

Six states required judges to file some kind of economic statement with their respective courts. Four of these states set out this requirement by court rule: Colorado, Iowa, New Mexico, and Tennessee. In these states, judges were only required to file, with the clerk of the supreme court, annual reports of compensation received for quasi-judicial and extrajudicial activities. Two other states, Maryland and Ohio, require judges to file complete financial disclosures; in Maryland, the statements are filed with the Court of Appeals, and in Ohio, the statements are filed with the Board of Commissioners on Grievances and Discipline of the Supreme Court. For both states, this requirement was set out statutorily.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 796, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 796, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 754 (Majority) Judiciary on S.B. No. 1672

The purpose of this bill is to allow a person to appoint a representative and give that representative the power to make decisions on the person's behalf if the person becomes mentally incapacitated during a serious illness.

Your Committee heard testimony supporting this bill from the Hawaii Medical Association, the Department of Health, and the Kokua Council. Your Committee finds that just as a person may give a power of attorney to another individual to represent the person in matters relating to finances and real estate, a person should also be able to designate a representative to make decisions relating to health care. This legislation will be especially helpful to those persons who have no family to assist in decision-making or those who want to entrust such decisions to a particular person.

Your Committee has amended this bill by amending the definition of "life-sustaining procedure" in section 327D-2, Hawaii Revised Statutes, by including "the provision of fluids, nourishment, medication, or other procedures necessary for patient comfort or pain relief" in the definition of "life-sustaining procedure". Your Committee finds that a person who has been examined and certified by two physicians as terminally ill, by definition, has an incurable or irreversible condition which will result in death in a short time without the administration of life-sustaining procedures. By amending the definition of "life-sustaining procedure," the patient may choose to forego medical treatment providing "patient comfort or pain relief" which would prolong the dying process.

Your Committee has also amended this bill by amending section 327D-4, Hawaii Revised Statutes, by adding that two representatives of an incapacitated individual jointly have the power to give directions regarding the use of life-sustaining procedures as they believe to be in the best interests of that individual.

Your Committee has further amended this bill to provide safeguards against felonious intentions by making it clear that persons may be prosecuted for murder if the facts and circumstances so warrant.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1672, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1672, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senators Menor and Reed did not concur.

SCRep. 755 (Majority) Judiciary on S.B. No. 151

The purpose of this bill is to prohibit the manufacture or sale of drug paraphernalia. The bill has added a definition for drug paraphernalia to be added to Section 329-1, as well as adding a new section making it unlawful to manufacture or sell paraphernalia.

Your Committee heard testimony for and against the bill. One of the major arguments against passing the bill pointed to the difficulty of identifying materials such as smoking pipes, which are used in smoking or using drugs, and which will therefore be illegal. Your Committee is aware, however, that the bill is designed to cure this problem because it uses the language from the federal model drug enforcement act. Testimony was presented that thirty-seven states and the District of Columbia have now passed this model act, and where the act has been tested in the courts, it has been found constitutional.

Your Committee is in agreement that law enforcement officials need to be given added statutory authority in their attempts to control the businesses which supply the drug industry.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 151 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator Chang did not concur.

SCRep. 756 Judiciary on S.B. No. 765

The purpose of this bill is to provide a criminal penalty if an officer or employee discloses confidential government information.

Your Committee on Judiciary heard testimony expressing concern that making it a misdemeanor to disclose confidential information will have a chilling effect on all government officers and employees who are asked for any information. Your Committee has therefore amended the bill by deleting all of Section 1 of the bill, and adding language in Section 2 of the bill to provide that a violation occurs if the records or information released are:

- a) records obtained or maintained for law enforcement purposes;
- b) records are the result of hearings which are closed to the public;
- c) information is a confidential communication between an officer or employee and any other person.

Your Committee on Judiciary 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 placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 757 Judiciary on S.B. No. 1358

The purpose of this bill is to provide for special elections to fill vacancies in elected office in certain situations to ensure that the electorate, for the most part, is represented by a person duly elected by such electorate.

Present law authorizes the governor to appoint a person to fill the unexpired term of a State Representative, State Senator, Board of Education Member and Office of Hawaiian Affairs Trustee when a vacancy occurs in a term which ends at the next succeeding general election. When a vacancy occurs in a term which does not end at the next succeeding general election, the governor is authorized to appoint a person to fill the unexpired term until the next succeeding general election.

This bill provides for a special election to fill a vacancy that occurs anytime before December 1 of a year preceding a general election. For a State Senator and State Representative, the proposed special election would be held forty-five days after the date of

vacancy unless the election were to fall during a regular or special session of the Legislature. When this occurs, the Governor would make a temporary appointment and the proposed special election would be held not later than forty-five days after the end of the sessions. For a Board of Education Member and Office of Hawaiian Affairs Trustee, the proposed special election would be held sixty days after the date of vacancy. When a vacancy occurs in a term which does not end at the next succeeding general election, the vacancy would be filled by a special election until the next succeeding general election at which time a regular series of elections would be held to elect a person for the balance of the term. Any vacancy occurring after December 1 would be temporarily filled by a gubernatorial appointment until the next succeeding general election as provided by present law.

Your Committee heard testimony from the Office of the Lieutenant Governor that although there are no objections to the concept of the bill, the time periods specified in the bill as originally drafted for holding a special election presented administrative and logistical problems. The Office of the Lieutenant Governor also indicated that voter turnout for polling place-based special elections have historically been low.

To address these concerns, your Committee has amended the bill by revising the dates for holding these special elections and by authorizing the use of a mail-in ballot system to conduct these elections. Your Committee believes that use of a mail-in ballot would permit the chief election officer to effectively coordinate and conduct a special election in a relatively short period of time at significantly less cost than a polling place-based system.

Your Committee has also made amendments to encompass periods of vacancy that were not covered in the original draft of the bill and to make the special election provisions consistent. Further, amendments were made to delay a special election that would fall during a regular or special session of the Legislature until after the session and to provide for a temporary appointment during the interim. Various other amendments were also made for clarity and style.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1358, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1358, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 758 Judiciary on S.B. No. 45

The purpose of this bill is to renumber and degender the provisions of chapter 573, relating to married women, and transfer those provisions to the law relating to marriage.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 45 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 759 Judiciary on S.B. No. 1429

The purpose of this bill is to make substantive changes in the procedures for conducting investigations into allegations of provider fraud and abuse in the Hawaii Medical Assistance (Medicaid) Program.

The bill requires that the Department of Social Services and Housing (DSSH) conduct a preliminary investigation of any complaint that a provider has engaged in fraud or abuse in Medicaid, with the assistance, if requested, from the Medicaid Fraud Unit. The bill, establishes procedures for full investigation, upon findings that abuse or fraud may have occurred, by DSSH for cases of suspected abuse or by the Medicaid Fraud Unit of the Department of the Attorney General for cases of suspected fraud.

The bill provides that administration inspection warrants must comply with probable cause standards under the Fourth Amendment of the United States Constitution and Article I, Section 7 of the Hawaii Constitution. It further stipulates that an attorney general subpoena shall not be used to obtain a patient's records.

The bill provides for notice to the provider and establishes the provider's rights during a full investigation. It establishes provisions relating to the suspension and termination of a provider from participation in the Medicaid program, grounds for actions by the provider, and reinstatement procedures of the provider.

Your Committee received testimonies in support of this bill from numerous individuals and

professional organizations, including the Hawaii Federation of Physicians & Dentists, the Hawaii Medical Association, the Hawaii Psychiatric Society, the Hawaii Psychological Association, and the Queen's Medical Center.

The Attorney General supported the intention of the bill which is to require a balanced approach in the detection and correction of fraud and abuse against the Medicaid program. Your Committee has made the following amendments as suggested by the Attorney General:

- eliminated the requirement of prior notification of a full investigation to a provider to prevent the possible destruction of evidence;
- eliminated the stipulation that interviews during the full investigation be recorded, so as not to have subjects, for a variety of reasons, refuse an interview;
- delete requirements for notice twenty days prior to indictment since there is no counterpart in the existing criminal code;
- included a section that willful or persistent failure or refusal to comply with rules and policies governing participation in the Medicaid program is grounds for suspension or termination.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1429, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1429, S.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 760 Judiciary on S.B. No. 107

The purpose of this bill is to propose an amendment to Article I, Section XIII of the Constitution of the State of Hawaii, to change the jurisdictional amount for jury trials in civil cases.

As originally drafted, the proposed constitutional amendment would allow the legislature to determine the amount at which the right of trial by jury shall be preserved. Your Committee believes that the guarantee of trial by jury, as highlighted by that fact that it is specifically placed in the Constitution, is such that decisions on limitation of this right should be left to the electorate. Therefore your Committee has amended the bill to provide a specific dollar amount (five thousand) rather than to give the Legislature the flexibility to change the amount without approval by the electorate.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 107, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 107, S. D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 761 (Majority) Judiciary on S.B. No. 1299

The purpose of this bill is to extend the Statute of Limitations for offenses against minors.

Your Committee received testimony from the Honolulu prosecutors office that sexual abuse of minors often does not come to the attention of law enforcement agencies until many years after the offense. It is usually when the minor reaches the age of majority and leaves the home that the crime is reported. Under current law many of these offenses could not be prosecuted because of the Statute of Limitations. This bill is intended to allow prosecution of these offenses against minors.

Your Committee on Judiciary 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.
Senator Chang did not concur.

SCRep. 762 Judiciary on S.B. No. 125

The purpose of this bill is to codify a recent holding of the Supreme Court of the State of Hawaii as it pertains to section 663-14, Hawaii Revised Statutes.

Your Committee believes that it would be beneficial to amend §663-14 to make it clear that multiple releases of joint tortfeasors shall be treated as a single release for purposes of the reduction of a judgment against remaining joint tortfeasors.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 125, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 763 Judiciary on S.B. No. 410

The purpose of this bill is to amend Section 101-24, Hawaii Revised Statutes, which provides for the assessing of compensation and damages in eminent domain actions, as well as preventing the immediate occupation by the plaintiff of residential leasehold land.

Your Committee on Judiciary heard testimony from persons in favor of the bill as well as persons opposed to it. The question which divides the lessors and the residential lessees is the period when "blight of summons" damages should be assessed, as well as the amount of the damages. As presently written, the bill sets the "blight of summons" period as the interval between the date of summons and the date of final judgment.

Your Committee has amended the bill to provide that the value of the leased fee interest is to be set as the value at the date of the trial. Your Committee believes this will be a fairer way to determine the value of the property. It is clear that if the value were set as the date of summons, and a long period of time elapsed until final judgment were rendered, the lessees might get a windfall if the property value had risen significantly. Conversely, if the value were set as the date of final judgment, and the lessor had created delays between the date of the trial and the date of final judgment, the lessor might get a windfall. Therefore, your Committee's amendment has set the date of trial as the fairest date for valuation.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 410, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 410, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 764 Judiciary on S.B. No. 486

The purpose of this bill is to provide that any person who causes the death of, or serious bodily injury to another person while driving under the influence of intoxicating liquor shall be guilty of a class C felony.

Testimony in support of the bill was provided by the state department of transportation, the Honolulu police department, the prosecuting attorney for the City and County of Honolulu, and Mothers Against Drunk Driving. Those testifying believed that existing law was inadequate because it did not provide serious sanctions for drunk drivers who cause death or injury to other persons. This bill is intended to correct this inadequacy in current law.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 486, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 765 (Majority) Judiciary on S.B. No. 766

The purpose of this bill is to require senate advice and consent for the administrative director of the courts.

Your Committee finds that the administrative director of the courts is one of the most powerful positions in the Judiciary, second only to that of the chief justice. Currently, the senate confirms the chief justice and other members of the supreme court as well as judges sitting on the intermediate appellate and circuit courts while the selection of the administrative director is left to only one person, the chief justice.

Furthermore, the administrative director, in effect, acts as and has authority comparable to that of a department head. Department heads are subject to senate confirmation. Accordingly, it is more than reasonable that the administrative director should also be subject to senate advice and consent.

Your Committee finds that for a position this important, public input about the qualifications and integrity of an administrative director of the courts is necessary.

Your Committee has made three technical, nonsubstantive corrections to the bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 766, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 766, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator George did not concur.

SCRep. 766 Judiciary on S.B. No. 1100

The purpose of this bill is to amend Article VI, section 3, of the State Constitution to change the manner of appointment and retention of justices and judges of the supreme court, intermediate appellate court, and circuit courts.

The bill proposes to delete the provision that if the senate fails to reject any appointment within thirty days, it shall be deemed to have given its consent to such appointment.

The bill adds new language to the appointment procedure by requiring that the senate approve every appointment by a majority vote.

Your Committee has amended this bill by:

- (1) Providing that if the senate fails to approve any appointment within thirty days, the appointment shall be considered rejected; and
- (2) Adding new language to the retention procedure by requiring that the Judicial Selection Commission give notice of its intention to retain a justice or judge to the senate president, and if within thirty days of the notice the senate fails to reject the retention by a majority vote, the retention shall be considered approved.

The importance of the positions of justices and judges cannot be overstated. It is critical that persons selected to serve in these capacities be able to withstand public scrutiny of their qualifications and experience. The senate must be actively involved in the selection process by approving every appointment.

Retention of judges and justices is currently decided by the Judicial Selection Commission. The performance of justices and judges should be publicly evaluated prior to the renewal of appointments. Effective opportunity for public input can be better provided through the procedures established by this bill rather than through a retention election as has been suggested.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1100, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1100, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 767 Judiciary on S.B. No. 97

The purpose of this bill is to allow adopted children to take the family name of either the adoptive parent or the natural parent.

Your Committee received testimony from Family Court, First Circuit, and from the Department of Social Services and Housing, both having no objection to the intent of the bill.

However, the Family Court stated that the proposed language is ambiguous as the term "parent" may be confused with "biological parent". Accordingly, your Committee added the term "adoptive" to define "parents" and "parent" in the proposed language.

This bill was also amended by providing that a family name of an adoptive minor child may be changed to that of the adoptive parent or parents. This amendment was made to carry out the purpose of this bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 97, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 97, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 768 Judiciary on S.B. No. 769

The purpose of this bill is to clarify several sections of the Hawaii Revised Statutes governing campaign contributions and expenditures.

This bill makes the following changes:

- 1) Amends the definition of "committee" to provide that those committees whose sole activity is to make direct campaign contributions will be able to submit a statement of contributions in lieu of filing reports as is otherwise required.
- 2) Adds a new definition for "loan" to clarify those situations in which loans will be subject to the contribution limitations. Provides that loans to a candidate or his committee must be by written agreement, and further provides that personal loans to the candidate by a bank are not subject to the contribution limits, unless that loan is secured by a third party.
- 3) Amends Section 11-200 to clarify that restrictions on transfer of funds does not mean that candidates for the office of governor and lieutenant governor in the general election may not support each other or prohibit candidates from making contributions to their party.
- 4) Adds a new subpart to Section 11-204 to clarify those situations where contributions will be attributed to one person. Further amends Section to provide that committees which support or oppose the same candidate for public office shall not have the same officers.
- 5) Section 11-206 is amended to make it clear that campaign contributions shall not be used for personal expenses or to qualify for public funding in future elections.
- 6) Amends Section 11-215 to provide a penalty of \$25 a day up to \$2000 for failure to place a disclaimer on advertisements.
- 7) Provides for public commission hearings when determining probable cause violations of the statutes.
- 8) Repeals Section 11-221 so that candidates eligible to receive public funds are able to receive the entire amount at once. Current law provides that eligible candidates will receive up to fifty percent prior to the primary and general election.
- 9) Amends Section 11-223 to provide that any candidate who exceeds the spending limits shall return all of the public campaign funds received to the Hawaii election campaign fund.

Your Committee heard testimony from the director of the Campaign Spending Commission in favor of the changes proposed in this bill. Your Committee recognizes the need for clarity in the campaign spending laws so that candidates are able to determine when and how much they are able to spend. This is particularly true in the area of public funding. Your Committee made the following changes to the bill:

- 1) Rewrote Section 11-194 to provide that any committee which forms within ten days of an election and expends more than \$1,000 must register and disclose such expenditure on the day of the expenditure.
- 2) Further amended Section 11-209 to provide that when any candidate or its committee exceeds the expenditure limits then the expenditure limits for all other candidates running for the same office will no longer be applicable, and further, those candidates who did not exceed the expenditure limit are able to receive additional contributions up to specified amounts.
- 3) Numerous nonsubstantive corrections in the spelling or terminology of the bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 769, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 769, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Kuroda, McMurdo, Solomon, George and Reed.

SCRep. 769 (Majority) Judiciary on S.B. No. 847

The purpose of this bill is to change the conditions under which a mandatory sentence can be imposed when a person uses or possesses a firearm while committing a felony.

Section 706-660.1, Hawaii Revised Statutes, presently allows a judge to sentence a person

convicted of a felony with a firearm to a mandatory term when a person has the firearm and threatens to use it. This bill will allow a mandatory term to be imposed even if the firearm is not used as a threat, as well as whether it is loaded or not and whether it can be operated or not.

S.B. 847 made the sentence of imprisonment mandatory. Your Committee agrees that using or threatening to use a firearm during the commission of a felony, even if the firearm is unloaded or inoperable, is a more serious and dangerous crime than simply committing a felony. However, your Committee has amended S.B. 847 to give the judge who sentences a first offender the discretion to review all the circumstances of the crime, and then determine whether a mandatory sentence should be imposed. If, however, a second offense is committed while using or possessing a firearm, the mandatory sentences provided in the bill shall be imposed.

Your Committee is in accord with the intent and purpose of S.B. No. 847, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 847, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator Chang did not concur.

SCRep. 770 Judiciary on S.B. No. 152

The purpose of this bill is to broaden the definition of the term "sexual contact", to mean the touching of sexual or intimate parts of a person not married to the actor, "either directly or through the clothing or other material intended to cover the sexual or other intimate parts."

The amendments to this bill are intended to further broaden the definition of the term "sexual contact" to include the touching of the sexual or other intimate part of the actor by the person, and to add another act by which a person commits the offense of sexual assault in the third degree.

The definition of sexual contact in the bill has been amended for clarity.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 152, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 152, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 771 Judiciary on S.B. No. 324

The purpose of this bill is to amend chapter 340E, Hawaii Revised Statutes, to include the provisions of the federal Safe Drinking Water Act.

Hawaii's drinking water is one of its most valuable assets. In recent years, there has been increasing public concern about contamination of our fresh water supply as trace samples of potentially lethal contaminants are detected in some of the wells which supply our people. It has become apparent that prior to public awareness of the problem, significant amounts of toxic chemicals were discarded without plan or regard for future consequences, and some of these substances have made their way into our water systems, albeit in amounts which, to date, present no measurable danger to consumers.

However, the potential dangers of water contamination have become a very real issue which affects all of our people, and your Committee shares the public concern and commends the efforts of the federal government, scientists, environmentalists, and concerned citizens to put an end to water pollution once and for all. This bill would provide very strict prohibitions and penalties for tampering with a water system or allowing dangerous substances to enter a water system, and is therefore a significant step towards the goal of ensuring that our drinking water is fresh and wholesome.

Specifically, the bill would provide a penalty of up to five years imprisonment and \$250,000 in fines if the violator is an individual and up to \$500,000 in fines in other cases. Your Committee believes that major penalties such as these will be a clear signal to potential violators of the legislature's intent to punish them to the maximum extent allowable by law.

Your Committee has made technical, nonsubstantive amendments to this bill to clarify the language in this area.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 324, S.D. 1,

as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 324, S.D. 2.

Signed by all members of the Committee.

SCRep. 772 (Majority) Judiciary on S.B. No. 767

The purpose of this bill, as received, is to require the administrative director of the courts to have served as a justice of the supreme court, judge of the intermediate appellate court, or as a judge of the various circuit courts.

Your Committee has amended the bill by instead requiring the administrator to have (1) served as a circuit court or higher court judge or justice, or (2) have been licensed to practice in and have actively practiced law in this State for at least 10 years, or (3) have at least 10 years of substantial administrative and management experience in large and complex organizations, or (4) have at least 10 years of a combination of the type of experience described in (2) and (3). This will better ensure that the person filling the administrative director position is qualified for the second most powerful position in the Judiciary next to that of the chief justice.

Your Committee believes that it is imperative that the administrative director be selected solely on the basis of qualifications. Currently, there are no minimum requirements for the position of administrative director.

Your Committee further believes that setting minimum requirements will not only ensure that the administrative director is qualified, but that it will also put to rest any concern that the position is not important.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 767, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 767, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senators Chang and George did not concur.

SCRep. 773 (Majority) Judiciary on S.B. No. 723

The purpose of this bill is to prohibit any person from entering the premises of a facility currently being utilized as a sex, child, or spouse abuse shelter by a family or household member of that person without the consent of the facility, and to designate such entry as a class C felony.

Your Committee finds that abuse shelters are intended to provide safe haven for persons who are abused. When the persons seeking shelter are harassed, threatened, or further abused by anyone who enters the shelter and its premises without permission, it is a serious matter which should be made a class C felony.

Your Committee has also made technical, nonsubstantive amendments to this bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 723, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 723, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator Chang did not concur.

SCRep. 774 (Majority) Judiciary on S.B. No. 810

The purpose of this bill is to amend Section 101-24, Hawaii Revised Statutes, to limit the "blight of summons" damages in residential leasehold condemnations to the lease rent due from the date of summons to the date of final judgment, provided the lease rent continues to be paid during the interim. The bill also provides that a plaintiff bringing an eminent domain actions cannot take immediate possession when the property being condemned is leased land under a residential unit.

Your Committee on Judiciary heard testimony from various landowners who are lessors as well as from lessees. Overall, the landowners were opposed to the bill, and the lessees were in favor of it.

At issue is the problem of the amount of payment made to the landowner-lessor at the time final judgment is rendered by the Court, and possession is taken by the plaintiff who brought

the action. Section 101-25, Hawaii Revised Statutes, provides a five per cent interest rate is to be paid if payment is delayed more than thirty days after judgment. Testimony provided by one of the landowners indicated that this same interest rate is applied as compensation for the period between the date of summons and the date of the judgment. This bill will set the amount to be paid to the landowner-lessor for this summons-to-judgment period as the amount of lease rent due during this same period.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 810, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator Chang did not concur.

SCRep. 775 Judiciary on S.B. No. 1201

The purpose of this bill is to make money laundering a criminal offense.

This bill would make it a class C felony for any person to conduct a transaction, involving a monetary instrument of a value exceeding \$5,000, through a financial institution with the intent of promoting a crime or knowing the monetary instrument is the proceed of a crime.

As originally drafted this bill would also require all financial institutions to keep records of all transactions of any monetary instrument of a value exceeding \$5,000, and to make those records available to law enforcement agencies upon written request. The financial institutions would have been subject to prosecution for a misdemeanor should they refuse to disclose records or keep inaccurate or incomplete records.

This bill was amended by deleting the provisions on reporting requirements and penalties. Your Committee received testimony from the Hawaii League of Savings Institution which noted that under the present "Currency Transaction Reporting" and the "International Transportation of Currency or Monetary Instruments Acts", all cash transactions of \$5,000 are recorded and reported to the Internal Revenue Service and the Department of the Treasury - Customs Service as required by federal regulations.

The league also pointed out that the federal "Right to Financial Privacy Act of 1978" stipulates specific due process requirements. The bill's proposal to mandate disclosure on written request would be in conflict with federal procedures for obtaining financial information. Your Committee notes that any inspection of these records deemed necessary by law enforcement agencies can be accomplished by a properly issued subpoena or search warrant.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No 1201, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1201, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 776 Judiciary on S.B. No. 265

The purpose of this bill is to propose amendments to Article VI, section 3, of the Constitution of the State of Hawaii, to: (1) reduce from six to three the number of nominees presented to the governor for vacancies in the office of chief justice, supreme court, intermediate appellate court, and circuit courts, and to the chief justice for vacancies in the district courts; (2) require appointments of judges to the district courts to receive senate confirmation in a manner similar to confirmation given by the senate to other appointments to the various courts of the State; and (3) require senate confirmation for the reappointment of justices and judges.

The Judicial Selection Commission is a nonpartisan, independent organization, composed of both attorneys and lay people, which conducts rigorous examinations of candidates to fill vacancies for justices or judges. Currently, the Judicial Selection Commission ranks each candidate in order of qualifications from one to six. The appointing authority then selects one of the six. Thus, the sixth, or least qualified, candidate on the list may be selected even though there are five candidates considered more qualified by the Judicial Selection Commission.

Your Committee heard testimony from a former member of the Judicial Selection Commission stating that there was often a sharp drop in the qualifications of candidates after the third candidate. He indicated that the Commission sometimes has difficulty obtaining a majority vote in support of candidates on the bottom half of the list because of questions about the qualifications of such candidates.

In essence, the present system of allowing the appointing authority six choices does not

ensure that only the most qualified are chosen. Your Committee believes that reducing the number of persons approved for selection as a justice or judge from six to three will ensure the appointment of qualified justices and judges. At the same time, it will still provide sufficient latitude to the appointing authority. No testimony was received in opposition to this change.

Your Committee also believes it is important that there be a system of checks and balances between the branches of government. As a means of maintaining this balance, selections of other justices and judges are made through a multi-phased process: the nonpartisan, independent Judicial Selection Commission, which is housed in the Judiciary, develops a list of qualified candidates, the Executive Branch makes the appointment, and the Senate, representative of the Legislative Branch, consents to the selection.

District court judges, however, are handled completely within the Judiciary, with no input by the other branches of government. The role of district court judges is critical. Because the district court has the highest volume of cases and is the part of the Judiciary with which members of the public are most likely to have experience, it plays a key role in forming the public's perception of the Judiciary. Additionally, in recent years, the chief justice has used district court judges frequently to fill in at the circuit court level. Therefore, the public has a high stake in the caliber of district court judges but has little real opportunity to provide input and ensure that only the most qualified candidates are selected or retained.

For these reasons, it is important that the Constitution be amended to require Senate confirmation of judicial appointment to the district courts, in a like manner to the Senate's confirmation to other appointments to the various courts in the State.

Retention of judges and justices is currently decided by the Judicial Selection Commission. The performance of judges and justices should be able to withstand public scrutiny, and, in keeping with the philosophy of checks and balances, there should be an opportunity for public input through the popularly elected legislative branch. The requirement of Senate confirmation on the appointment of judges and justices satisfies this need. Senate confirmation on reappointment is no less important. Your Committee finds that this procedure for Senate confirmation on reappointment is a preferable alternative to judicial retention elections which have been suggested by some who are concerned about this issue.

Finally, your Committee has amended the bill to provide that the consent of the Senate shall be by majority vote. Confirmation should be in the form of a positive act rather than from the mere lack of a negative one. Your Committee has also amended the bill to provide specific procedures for Senate confirmation of retention.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 265, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 265, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 777 Judiciary on S.B. No. 1320

The purpose of this bill is to give Native Hawaiians the right to sue if there are controversies under Article XII, Sections 1, 2, and 3 of the Hawaii State Constitution, and under Section 4 and 5(f) of the Hawaii Admissions Act. The bill is organized into two sections: Section 2 of the bill applies to Native Hawaiians and Native Hawaiian organizations as defined in the Hawaiian Homes Commission Act, and Section 3 of the bill applies to Hawaiians and Native Hawaiians and Hawaiian and Native Hawaiian organizations who can bring a claim under Article XII, Sections 4, 5, and 6 of the Hawaii State Constitution.

Your Committee heard testimony from State agencies, private groups, and Hawaiian cultural organizations. Most individuals and groups favor passage of this bill, and pointed out that a bill providing this same right to sue passed the Hawaii Legislature in 1986, but was subsequently vetoed by the Governor.

A major area of contention, however, was whether the State can or should waive its sovereign immunity, or if it does waive immunity, what exceptions should be allowed. Your Committee heard testimony that several groups and agencies had worked together with the State Attorney General to agree on language which would not unduly compromise the State's sovereignty, while at the same time giving Hawaiian individuals and organizations the right to sue the departments and agents of the State.

The testimony indicated that the waiver exceptions in S.B. 1320, S.D. 1, are not the exceptions agreed upon.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1320, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1320, S.D. 2.

Signed by all members of the Committee.

SCRep. 778 Judiciary on S.B. No. 433

The purpose of this bill is to extend the exemption from the State Tort Liability Act to all tort claims which arise from National Guard activities involving technicians as defined in Section 709 of Title 32 United States Code (USC).

The proposed changes are needed because the current provisions of the State Tort Liability Act do not immunize the State from tort claims based on conduct by federal technicians. Such torts are and should be exclusively covered under the Federal Tort Claims Act because for the purposes of the Federal Tort Claims Act, National Guard technicians are Federal employees.

If the present law is not changed, the State will needlessly remain exposed to claims arising out of activities in which National Guard technicians are engaged. The Federal Tort Claims Act already provides an appropriate remedy, and it should be an exclusive remedy.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 433, and recommends that it pass Second Reading in the form attached hereto and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 779 Judiciary on S.B. No. 484

The purpose of this bill is to provide to ethics committees in hospitals or clinics immunity from civil liability for any member who serves on such ethics committee.

Your Committee is mindful of the need to immunize members of ethics committees from liability for such ethical decisions as life sustaining therapy, priorities for transplants, and other medical-ethical concerns. Your Committee agrees with the purpose of the bill but is concerned that the "ethics committee" not be construed to have any function other than those limited to medical-ethical questions. Therefore, your Committee has amended the bill to specifically provide that the ethics committee be an interdisciplinary committee whose function is to consult, educate, review and make decisions limited to ethical questions. Thus, your Committee's intent in approving this bill is to recognize the role of "ethics committees" but to limit its immunity to decisions regarding medical-ethical questions.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 484, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 484, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 780 Judiciary on S.B. No. 1472

The purpose of this bill is to allow trust beneficiaries and others to hold trustees personally liable for torts based on actions taken in the course of trust administration.

Currently, Hawaii law as interpreted by the courts does not allow the beneficiaries of a trust to sue trustees for torts committed in the course of administration of the trust estate. Yet, a third party is able to sue trustees for such torts.

Your Committee believes this anomaly resulting from judicial interpretation of Hawaii trust law should be corrected. It is especially appropriate because a trustee is in a fiduciary capacity as regards a beneficiary. Generally, fiduciaries are held to a higher standard of responsibility than a normal person. Thus, this bill is designed to rectify the current situation so that beneficiaries will have at least the same rights against trustees that third parties have.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 1472, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1472, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 781 Judiciary on S.B. No. 548

The purpose of this bill is to give the Office of Hawaiian Affairs the right to acquire kuleana lands by escheat.

Your Committee on Judiciary heard testimony supporting the principle that where legal heirs of owners or inheritors of kuleanas cannot be found, the intestate estate should pass to the Office of Hawaiian Affairs. Your Committee also heard concerns expressed that the Office of Hawaiian Affairs is not presently equipped to accept and manage real property if any kuleanas do escheat to Office of Hawaiian Affairs. Consequently, your Committee has amended the bill by adding subsection (b) to provide that if any kuleanas do come to OHA, these lands are to be held in trust for the beneficiaries of OHA, Until a legitimate owner presents a legal claim, and are to be managed by a trust company or real property management company.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 548, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 548, S.D. 2.

Signed by all members of the Committee.

SCRep. 782 Judiciary on S.B. No. 67

The purpose of this bill is to prohibit the use of an ad damnum clause (statement of the damages plaintiff claims) in any tort claim.

The bill as originally drafted would also provide means by which the prohibited information can be obtained as well as requiring the party making the damage claim to provide such information at specified periods. The original bill also provided for sanctions.

Your Committee believes that prohibiting the ad damnum clause does not prejudice the party making the claim and may have some beneficial effect. However, your Committee believes that the provisions allowing the opposing party to request information on the nature and amount of the damages sought as well as the requirement to provide such information if not requested are unnecessary as those provisions are already in the Hawaii Rules of Civil Procedure or Rules of Court. Therefore, your Committee has amended the bill by deleting subsections (b) and (c).

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 67, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 67, S.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 783 Judiciary on S.B. No. 255

The purpose of this bill is to ensure that the guidelines for establishing the amount of child support is fair and reasonable and balanced with respect to the standard of living of both parents.

Your Committee has reviewed the guidelines currently established and believes that the guidelines should be amended as set forth in the bill. The bill will provide that: a) the earnings to be considered in determining child support should be the net earnings, b) the guidelines should require consideration of the job and living expenses of both parents, c) the support order be fair and reasonable, d) consideration be given to avoiding extreme changes in either parent's income depending upon whether the parent has custody or not, and e) incentives be provided for both parents to work to balance the standard of living of both parents.

The bill also provides that the guidelines be simple to avoid detailed calculations. Finally, the bill would result in limiting support orders so that child support payments shall not exceed 10% to 15% of the obligor's parent's net income for each child thereafter.

Your Committee believes that the bill will improve the process through which the determination of child support is established.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 255 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 784 (Majority) Judiciary on S.B. No. 800

The purpose of this bill is to clarify current statutes relating to the conditions that may be imposed on criminal defendants while released on bail, recognizance or supervised release.

The intent of this bill is to add clarity to section 804-7.1, Hawaii Revised Statutes, by adding specific conditions that a court may impose on a defendant to ensure the appearance of the person at all court hearings or to assure the safety of the community.

This bill also amends sections 804-7.2 and 804-7.3 Hawaii Revised Statutes which provide the authority for apprehension and sanction of defendants who "wilfully" violate conditions of release. This bill deleted the term "wilfully" and replaced it with the term "intentionally". The amendment is basically for housekeeping purposes because although the terms are synonymous, the penal code provide specific definitions for an "intentional" state of mind.

The bill was amended by adding certain mandatory general conditions of bail. The general conditions are that the person not commit any offenses, appear at all court hearings unless notified by his attorney that his appearance is not required and to remain in the State unless he obtains court approval to leave. These amendments are intended to provide additional assurance that the person not avoid prosecution or pose a danger to the community.

This bill was also amended by adding a new section to provide for stricter regulation of sureties. The purpose of this amendment is to establish certain requirements that would ensure that the surety is qualified to act in that capacity and to ensure the sufficiency of property that may be offered to secure the bail bond.

This bill was also amended to provide a housekeeping measure which amends section 804-3 to include murder or attempted murder in the first degree and murder or attempted murder in the second degree as a "serious crime", for the purposes of Chapter 804, Hawaii Revised Statutes.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 800, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 800, S.D. 1 and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator Chang did not concur.

SCRep. 785 Housing, Hawaiian Programs and Natural Resources on S.B. No. 1726

The purpose of this bill is to revise the manner by which the Department of Hawaiian Home Lands ("Department") is to handle payment of the net proceeds whenever a homesteader lease is surrendered, cancelled, or terminated.

The bill also clarifies the language of Section 209, Hawaii Revised Statutes (HRS), of the Hawaiian Homes Commission Act because of the changes that have been made to that section at various times, and repeals Act 112, Session Laws of Hawaii (SLH), 1981.

Act 112, SLH 1981, was to have been submitted to the U.S. Congress for approval together with 54 other amendments made to the Hawaiian Homes Commission Act by state legislation enacted since statehood through June 30, 1985. However, because of inconsistencies between the amendments of Act 272, SLH 1982 and Act 112, SLH 1981, Act 112 was not included in House Joint Resolution 17, which gave consent to the 54 amendments. H.J. Res. 17 was signed by the President on October 27, 1986.

Before its amendment in 1981, Section 209 provided that if a lease was cancelled or surrendered, or if the lessee died without leaving a relative qualified to succeed, the Department was required to appraise the value of the improvements and growing crops and to pay that amount to the legal representative of the deceased or the previous lessee, less taxes due and certain debts owed.

In 1981, Act 112 amended Section 209 to strike out much of the foregoing and to provide instead that in the circumstances referred to, the amount to be paid to the legal representative of previous lessee would be the amount determined under the formula set out in a new Section 210.5. Reduced to essentials, that formula provides that for ten years after the commencement of the lease, the value to be paid would be the original cost of improvements, plus interest at 7%; after ten years, appraised value would be paid, less the value of improvements that are "luxurious in nature."

Act 272, SLH 1982, again amended Section 209, this time to reduce the blood quantum requirements of spouse and children to succeed the lessee's homestead interest. However, as passed, Section 209 contained the same language regarding method of valuation as it existed prior to the Act 112 amendment in 1981. Because of this conflict, Act 112, SLH 1981, was not submitted for Congressional approval, as previously noted.

Section 209 was further amended by Act 137, SLH 1985, to allow the Department to pay the

net proceeds to a surviving spouse and children who are not qualified to succeed to the homestead lessee to receive the net proceeds.

This bill would repeal Act 112, SLH 1981, thereby removing the inconsistencies alluded to above. More importantly, it would modify the method of handling the payment of proceeds of the value of the leasehold interest when a homestead lease is surrendered, cancelled, or terminated. The major change proposed is to allow the Department to use the Hawaiian Home General Loan Fund to pay the net proceeds on a cancellation, termination, or surrender of lease if the Hawaiian Home Loan Fund does not have available cash to make such payments.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 1726 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 786 Housing, Hawaiian Programs and Natural Resources on S.B. No. 1151

The purpose of this bill is to allow the Hawaii Housing Authority (HHA), on a case-by-case basis, to waive the ten year buy-back provision on certain dwellings without the restrictions being reinstated after transfer of title; to extinguish the buy-back restrictions when an HHA dwelling unit and the land or leasehold interest is transferred pursuant to a mortgage foreclosure, foreclosure under a power of sale, or a conveyance in lieu of foreclosure; and to likewise extinguish the owner-occupant requirement under the same circumstances.

Your Committee received supporting testimony from HHA and the Department of Housing and Community Development and finds that the buy-back provision and owner-occupant requirements are necessary in order to prevent speculation in the low cost housing market. Your Committee believes, however, that there are certain circumstances that do warrant the waiver of the buy-back and owner-occupant requirements such as when the housing market is depressed and circumstances dictate that an owner must leave or relocate to another state. Under these conditions, an owner would be compelled to sell the dwelling at a price which is far below its acquisition cost due to the imposition of the buy-back provisions relating to price and the negative impact of that provision on potential buyers of the dwelling. Additionally, the owner-occupant requirement would eliminate the opportunity for the owner to receive rental income during the period the dwelling is listed for sale. Your Committee believes that this measure will provide the flexibility that HHA needs to address these types of special circumstances that homeowners may undergo from time to time.

Your Committee has amended the bill by making clarifying language changes to Section 359G-9.2(b)(2), Hawaii Revised Statutes.

Your Committee on Housing, Hawaiian Programs and Natural Resources 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 placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 787 Housing, Hawaiian Programs and Natural Resources on S.B. No. 596

The purpose of this bill is to clarify the definition of a displaced person, the circumstances under which government assistance is required, and requires that government agencies be reimbursed for costs related to displacement of persons caused by owners who wilfully neglect or violate applicable codes in addition to the zoning code.

Currently, government agencies bear the cost of relocation services and payments to displaced persons under a code enforcement program except for zoning violations.

Your Committee heard supporting testimony from the City and County of Honolulu and finds that conformance with housing, building, and zoning codes is the property owners' responsibility and should they wilfully fail to comply, the costs related to the displacement of their tenants should be borne by them. Your Committee has amended the bill by making technical changes which have no substantive effect.

Your Committee on Housing, Hawaiian Programs and Natural 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 placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 788 Housing, Hawaiian Programs and Natural Resources on S.B. No. 552

The purpose of this bill is to allow the use of the State's rental assistance program to subsidize rents in projects developed and financed by the Hawaii Housing Authority.

With the recent passage of the Tax Reform Act, there are very few incentives for private developers to construct low- or moderate-income rental housing projects. It is up to the Hawaii Housing Authority (HHA) to evaluate the situation and develop a long-range plan for the development of affordable rental housing.

One way to accomplish this is for the HHA to finance the development of rental housing projects through the issuance of tax-exempt revenue bonds under the provisions of section 356-27, Hawaii Revised Statutes (HRS). This, tied in with some form of rent subsidy would provide affordable rents for low and moderate income families, and make the housing projects self-sustaining.

The executive director of HHA testified that the State's Bond Counsel and the Attorney General's office pointed out that under current law the rental assistance program cannot be utilized in connection with HHA projects financed under section 356-27, HRS. The rental assistance program can only be utilized to lower tenants' rents in projects which are privately developed and financed pursuant to part II of chapter 356, HRS.

Your Committee, upon consideration, has amended the bill to be consistent with part II of chapter 356, HRS, to allow the use of the rental assistance program to subsidize rents in projects which are privately developed and financed.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 552, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 552, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 789 Housing, Hawaiian Programs and Natural Resources on S.B. No. 559

The purpose of this bill is to authorize the Department of Land and Natural Resources (DLNR) to negotiate and enter into long-term residential leases with bona fide farmers who reside on Waimanalo farm lots.

Currently, Waimanalo farm lot residents hold revocable permits and lease state lands on a month-to-month tenancy.

Your Committee heard testimony in support of this bill and finds that many of the residents have lived and farmed these lands for two generations. It further finds that the temporary lease situation presents an economic hardship because farm improvement financing cannot be found with only a 30-day tenure on the property.

Your Committee, upon consideration has amended the bill by changing the maximum term of a lease from 55 years to 35 years. The bill has been further amended by changing references of short-term leases to long-term leases for purposes of consistency.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 559, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 559, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 790 Housing, Hawaiian Programs and Natural Resources on S.B. No. 594

The purpose of this bill is to clarify the respective roles of the State land use commission and the City Council in approving government housing projects.

Act 93, Session Laws of Hawaii 1986, appears to indicate that the land use commission would supersede the legislative body of the county in approving Chapter 359G, Hawaii Revised Statutes, exemptions for Hawaii housing authority's housing projects as well as any boundary changes in cases where a boundary change is necessary.

This bill deletes reference to the land use commission in paragraphs 1, 2, and 3 of section 359G-4.1, Hawaii Revised Statutes, to clarify that it is the city council's kuleana to grant or deny exemptions for government housing projects, and adds a paragraph 4 which states that it is the commission's responsibility to approve or disapprove a project after the authority has submitted preliminary plans and specifications for the project to the commission for changes in district boundaries within forty-five days.

Your Committee, upon the recommendation of the chief planning officer of the city and county of Honolulu's department of general planning, has amended the bill to further clarify the language of paragraph 4.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 594, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 594, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 791 Housing, Hawaiian Programs and Natural Resources on S.B. No. 356

The purpose of this bill is to include protection of instream uses of water to all streams in the State.

Under current law, the Hawaii Instream Use Protection Act of 1982 (Chapter 176D, Hawaii Revised Statutes) applies only to windward Oahu streams in the districts of Koolaupoko and Koolauloa.

Your Committee received supporting testimony from various agencies and finds that neighbor island streams provide excellent habitats for native species and have important aesthetic values, such as scenic waterfalls and streamflows. It further finds that there is presently competition for offstream uses of stream waters for agricultural irrigation and hydropower development.

Your Committee has amended the bill by inserting a provision to repeal the proposed bill should a statewide water code be enacted, provided that the code includes sections dealing with instream water flow.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 356, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 356, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 792 (Majority) Housing, Hawaiian Programs and Natural Resources on S.B. No. 1195

The purpose of this bill is to streamline the regulatory review system for land and water use matters by eliminating the quasi-judicial process from Land Use Commission proceedings.

Under this bill, contested case proceedings are eliminated in these areas: forest and water reserves, land use commission decisions, development in designated geothermal resource subzones, and amendments of special management area boundaries. This bill also permits appeals directly to the supreme court.

The primary purpose of citizen participation and the right to be heard before governmental agencies, is to adequately inform the decision makers of relevant matters before the agency boards or commissions make final determinations. However, judicial form becomes the dominant concern in contested case proceedings, rather than the gathering of information by the governmental agency upon which informed and intelligent decisions are made.

Your Committee has amended the bill by deleting the contents in its entirety, and has included a new section to Chapter 205A, part II, Hawaii Revised Statutes, which provides that the decisions or orders of the county planning commission, county council, or any body designated by the county council in a contested case relating to special management areas shall be final and conclusive and appealable, as of right, to the supreme court.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 1195, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1195, S.D. 1, and be placed on the calendar for

Third Reading.

Signed by all members of the Committee.
Senators Solomon and Fernandes Salling did not concur.

SCRep. 793 (Majority) Housing, Hawaiian Programs and Natural Resources on S.B. No. 1196

The purpose of this bill is to amend section 205-5.1, Hawaii Revised Statutes, to provide for a simpler procedure to consider and act on permits for geothermal development before state and county agencies.

Geothermal development is the State's renewable energy resource with the greatest potential for commercial development. Development of geothermal energy has been impeded by permitting delays that are unprecedented elsewhere. There is the real and significant likelihood that further delays will jeopardize the future of geothermal development and threaten both private investment and federal funding in geothermal energy and related programs.

The curtailment of geothermal development would adversely impact State and National interests related to energy independence and conservation. For example, curtailment would affect potential energy savings of over \$200 million per year, now spent on imported oil to generate electricity, up to \$1 billion in construction costs for exploration and power plant construction and up to \$500 million in construction for the cable.

Over \$30 million in federal funds have already been appropriated by Congress to develop a deep water cable to transmit geothermally generated electrical energy from the Big Island to Honolulu. The State of Hawaii has appropriated \$5 million dollars for cable development and \$13 million for the pilot HGPA geothermal power plant. The geothermal developers have invested over \$20 million in geothermal exploration and permitting.

Presently, the geothermal permitting procedures include trial-like adjudicatory contested case hearings before the applicable agencies. These proceedings have proven to be unduly cumbersome, as the testimony of the Board of Land and Natural Resources has indicated. The contested case hearings and judicial review process has been used to delay and undermine the progress of geothermal development.

Practically all of the contested case hearings involving geothermal development have been subsequently appealed to the courts. Delays and substantial expenditures of public and private monies have resulted.

Your Committee finds that the need for a coordinated statewide alternate energy policy would be better served by public hearings. The opportunity to present oral and written comments is available through public hearings for the multiple permits which are required for geothermal development.

Your Committee has amended the bill to address concerns expressed by the Judiciary, the Sierra Club and Native Hawaiian Legal Association regarding the adequacy of due process.

Your Committee realized that the effectiveness of the procedures established in this amended bill rests with the administrative agency. Therefore, your Committee has directed the affected agencies to take responsibility for rulemaking that will provide for an adequate record for judicial review. These procedures should include, but are not limited to, notice to interested parties, transcripts of proceedings, and an adequate opportunity for interested parties to be heard.

The public hearing and appeal procedure is well settled in the federal sector, where agencies involved in important decisions, as is the case here, utilize the public hearing process to obtain opinion and comment on proposed actions. For example, under the Clean Air Act, 42 USC Sections 7604 and 7607, appeals are taken directly from the record of a public hearing to a circuit court of appeal. The judicial review procedure proposed in this bill has also passed constitutional scrutiny in the federal courts. It is already utilized in chapter 343, Hawaii Revised Statutes.

In addition to the Board of Land and Natural Resources, the Office of the Mayor, of the County of Hawaii, the County of Hawaii Geothermal Energy Advisory Commission, Hawaiian Electric Company and others testified in favor of the bill.

Concerns expressed by the Judiciary regarding adequate standards for judicial review have been satisfied by amending the bill to add a section specifically setting forth the standard of review.

Concerns were also expressed that the bill reaches beyond the procedure for geothermal development. To meet these concerns, these sections have been deleted.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 1196, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1196, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling, Hagino and Ikeda.

Senator Solomon did not concur.

SCRep. 794 Housing, Hawaiian Programs and Natural Resources on S.B. No. 1325

The purpose of this bill is to allow the board of land and natural resources to amend uses or waive restrictions from State land leases for industrial, hotel, resort and commercial uses.

Currently, provisions apply to the amendment of specific use or uses for commercial and industrial leases only.

Your Committee, upon hearing testimony from the Planning Department, County of Kauai, has amended the bill, by adding subsection (b) to page 2 to address their concerns relating to public notice and hearings.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 1325, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1325, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 795 Housing, Hawaiian Programs and Natural Resources on S.B. No. 739

The purpose of this bill is to reduce the time period after which restrictions relating to the use of residential lots sold by the State expire.

Present law provides for use restrictions on residential lots sold in fee simple to expire ten years after the date of issuance of the patent or deed or fifteen years after the date of sale by the State, whichever is sooner. The five year difference in the two instances makes allowance for the State to sell residential lots on five year installment payment basis. This five year period also coincides with statutory building deadline of three years, plus an extension not to exceed two additional years.

This bill changes the expiration periods to five and eight years respectively.

Your Committee, upon the recommendation of the Department of Land and Natural Resources, has amended the bill by changing the proposed eight year expiration period to a ten year period.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 739, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 739, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 796 Housing, Hawaiian Programs and Natural Resources on S.B. No. 1004

The purpose of this bill is to correct and update references in Sections 359G-20.5 and 359G-30, Hawaii Revised Statutes (HRS).

This "housekeeping" measure amends paragraphs (e)(1) and (e)(3) of section 359G-20.5 HRS, by deleting reference to the "interest rate as defined in section 359G-7" and substituting "a rate established in accordance with Section 359G-30." The change is necessary because section 359G-7 does not contain a definition of interest rate.

This bill also amends section 359G-30, HRS, to update the reference to the "Internal Revenue Code of 1954 as now in effect" to the "Internal Revenue Code of 1986" due to the new revised tax laws.

Your Committee received testimony from the executive director of the Hawaii Housing Authority in support of this bill.

Your Committee has amended the bill by deleting the comma after "1954" on page 2, line 20 to conform to the statute.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 1004, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1004, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 797 Housing, Hawaiian Programs and Natural Resources on S.B. No. 242

The purpose of this bill is to require the Board of Land and Natural Resources to determine the sale price of public lands sold to any state agency or county for housing purposes, on an appraisal based on the use of such land immediately before the sale.

Your Committee received supporting testimony from the Department of Land and Natural Resources and the Hawaii Housing Authority (HHA) and finds that the provisions set forth in this bill will contribute to the development of more affordable homes.

HHA, however, expressed concerns regarding mandating the sales by appraisal as they have previously negotiated sales of property and have had some properties transferred at nominal value.

Your Committee, upon consideration, has amended the bill by deleting the phrase "an appraisal based on" on page 1, line 13.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 242, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 242, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 798 Housing, Hawaiian Programs and Natural Resources on S.B. No. 597

The purpose of this bill is to amend Sections 46-15.1 and 46-15.2, Hawaii Revised Statutes (HRS), to provide the counties with greater flexibility in the structuring of bond issues for county housing programs.

Specifically, the bill proposes to:

- (1) Clarify that the provisions of Section 46-15.2, HRS, relating to tax-exempt bond financing may be applied to carry out the purposes of Section 46-15.1, HRS, regarding county powers to develop housing;
- (2) Expand the scope of Section 46-15.2, HRS, to include the issuance of tax-exempt revenue bonds under Chapters 47 and 49, HRS, for the purpose of financing county-owned housing;
- (3) Authorize the counties to issue capital appreciation bonds in support of county housing development activities;
- (4) Allow the counties to contract for support facilities on put options or for interest rate swaps so that variable-rate financings can be undertaken; and
- (5) Provide the counties with the same ability as the Hawaii Housing Authority with respect to the investment of bond proceeds and bond-related moneys, including required reserves.

The Department of Housing and Community Development, City and County of Honolulu, testified that the issuance of bonds by the City is a valuable source for providing financing to stimulate private sector development of new rental housing or for rehabilitating existing apartments with emphasis on making units available to lower income groups. Additional flexibility is needed, however, if bond issuers are to take advantage of recent innovations in tax-exempt financing techniques and new investment alternatives for bond funds in the structuring of bond issues. This flexibility would allow the counties maximum use of

tax-exempt bond financing for purposes of increasing the supply of affordable rental housing.

In addition, it was emphasized that the authorization to structure put options in variable rate financings would not expose the counties (or the State) to greater liability since the risks associated with the tendered bonds would be undertaken by the "liquidity provider", typically a highly rated financial institution, or the "remarketing agent" which is usually the investment banker for the bond issue. Further, put options would only be utilized on revenue bond financings which are structured in such a manner that no lien is created against the full faith and credit of the issuing authority.

Your Committee has amended this bill to correct drafting errors.

Your Committee on Housing, Hawaiian Programs and Natural 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 placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 799 (Majority) Consumer Protection and Commerce on H.B. No. 1532

The purpose of this bill was to provide that an employer may be the beneficiary of group life insurance on the lives of his employees.

Your Committee finds that there is a need for providing for increased competition and additional options in the secondary insurance business. Accordingly, your Committee has amended this bill by deleting the substance and inserting provisions which would allow banks, trusts, savings and loan associations, credit unions, industrial loan companies, and their holding companies to engage in the secondary insurance business.

Your Committee has further amended this bill by adding provisions that would (1) prohibit the aforementioned financial institutions and their holding companies from taking deposits as collateral on secondary insurance, and (2) prohibit the aforementioned financial institutions from offering credit conditioned on the acceptance of secondary insurance. These amendments would serve as safeguards to ensure that banking and insurance remain separate.

It is the understanding of your Committee that the implementation of the bill's provisions would require no additional staffing or funding for the Insurance Division of the Department of Commerce and Consumer Affairs.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1532, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1532, H.D. 1, S.D. 1, and be recommitted to the Committee on Consumer Protection and Commerce for further consideration.

Signed by all members of the Committee except Senator Aki
Senator Kuroda did not concur.

SCRep. 800 Military and Civil Defense on S.C.R. No. 13

The purpose of this concurrent resolution is to request the Office of the Legislative Auditor to conduct an assessment of suitable land sites in Central Oahu appropriate for the development of a state veterans cemetery.

Presently the only national cemetery for the Pacific Region, Punchbowl, is reaching its capacity for casket burial. Further, no new national cemeteries will be authorized in Hawaii under the current federal administration. This leaves Hawaii's veterans the option to be buried at the closest regional national cemeteries at Riverside, California or Willamette, Oregon, or be buried at a private cemetery in Hawaii at their personal expense.

In 1978 the federal government adopted Public Law 95-476, the Veterans Housing Benefits Act of 1978, providing grants-in-aid of fifty percent matching funds to states for the establishment, expansion and improvement of veterans cemeteries. This concurrent resolution provides the initial stepping stones for the development of a State veterans cemetery.

Your Committee has amended the title and contents of this concurrent resolution to provide that a permanent public memorial for veterans be included in the development of a state veterans cemetery. Many of Hawaii's men and women have served in various military installations, some, sacrificing their lives, and a memorial in honor of these brave people would be befitting for all of Hawaii.

Your Committee has further amended this concurrent resolution to request that the Office of the Legislative Auditor submit their findings and recommendations to the Legislature on or before December 11, 1987. The grants-in-aid provided in Public Law 95-476 will be terminated in fiscal year 1989, so to ensure that Hawaii has access to these funds, action on the site assessment should be completed as soon as possible.

Your Committee has further amended this concurrent resolution by making technical changes which have no substantive effect.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.C.R. No. 13, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 13, S.D. 1.

Signed by all members of the Committee.

SCRep. 801 Culture, Arts and Historic Preservation on H.B. No. 562

The purpose of this bill is to appropriate \$45,000 for one permanent Educational Coordinator position for the Waipahu Cultural Garden Park.

The funds shall be expended by the Department of Education for fiscal year 1987-1988.

Your Committee finds that numerous Leeward Oahu students currently take advantage of the many excellent educational activities and historic resources at the Waipahu Cultural Garden Park. The establishment of an Educational Coordinator position will maximize the utilization of the educational services available at the park.

Your Committee has amended the bill to identify the bill as being introduced in the Fourteenth, rather than the Thirteenth Legislature.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of H.B. No. 562, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 562, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 802 Culture, Arts and Historic Preservation on H.B. No. 750

The purpose of this bill is to establish a state administered Honolulu Symphony Endowment Fund and to appropriate funds to provide financial assistance to the Symphony in fiscal year 1987-1988.

This bill establishes an endowment fund for the Honolulu Symphony to be administered by the Department of Accounting and General Services. The principal amount in the fund would be invested by the Department and income would be used for operations of the Symphony. The bill also appropriates up to \$500,000 as the initial principal amount for the fund to be matched dollar for dollar by the Symphony through a special fund raising effort.

Additionally, the bill appropriates \$500,000 to the Symphony for fiscal year 1987-1988 to supplement the Symphony's operating budget and \$290,000 for the same period to cover the actual costs of the State's purchase of the Symphony's services for the young people's concerts and neighbor island tours.

The Honolulu Symphony is one of Hawaii's oldest community assets with a legacy of service beginning in 1900. Your Committee finds that the Honolulu Symphony is a major cultural resource of Hawaii and is deserving of the support provided in this bill.

Your Committee heard favorable testimony from the Honolulu Symphony recommending that the amount appropriated for the fund be increased to \$2,500,000 which was the amount appropriated in the bill as introduced. Your Committee is in agreement that \$500,000 would not be sufficient to establish a fund that would provide financial stability for the Symphony and has, therefore, amended the bill to increase the appropriation to \$2,500,000.

The bill has been further amended to substitute the word "income" for the word "interest" in line 8, page 1 and to make technical amendments which have no substantive effect.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of H.B. No. 750, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 750, H.D. 1, S.D. 1, and be referred to the

Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 803 Culture, Arts and Historic Preservation on H.B. No. 1924

The purpose of this bill is to appropriate \$500,000 for fiscal year 1987-1988, for building improvements to the Richards Street YWCA.

Your Committee received testimony in support of this bill from the YWCA of Oahu indicating that emergency repairs to the deteriorating tile roof and restoration of the ornamental ironwork are necessary to avoid further damage to this state historic site.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of H.B. No. 1924 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. 804 Human Services on Gov. Msg. No. 92

Recommending that the Senate advise and consent to the nomination of WINONA E. RUBIN as Director of Social Services, for a term ending December 3, 1990.

Signed by all members of the Committee.

SCRep. 805 Human Services on H.B. No. 1324

The purpose of this bill is to exclude, from gross income under the general excise tax law, amounts received on purchases made with food vouchers from the U.S. Department of Agriculture's Special Supplemental Food Program for Women, Infants and Children (WIC).

Public Law 99-500 and 99-501, as amended by the School Lunch and Child Nutrition Amendments of 1986, prohibits a State's participation in the WIC program if a sales tax is collected on WIC food voucher purchases. The intent of Congress in passing the sales tax provisions is to ensure that WIC funds are spent solely for the purpose of the program and not diverted to State and local treasuries.

This bill will conform Hawaii's statutes to the provisions of P.L. 99-500 and 99-501 to ensure Hawaii's participation in the program. Continuation of the sales tax on WIC purchases would prohibit Hawaii's participation in this program and would negatively impact on the public health of the people of the State.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1324 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. 806 Agriculture, Energy and Ocean Resources on H.B. No. 239

The purpose of this bill is to authorize the issuance of general obligation bonds and to appropriate the sum of \$1,000 for the purchase of Coconut Island.

Currently the University of Hawaii's Institute of Marine Biology (HIMB) is operating a facility to support teaching, research, and service in marine biology on 9.44 acres of Coconut Island which has been claimed by the State. The remaining 12.5 acres of the Island is owned by the Pauley family and is presently up for sale.

Coconut Island is considered one of the best sites in the world to conduct certain types of research. State control of the Island would provide an opportunity for an expanded center for marine research and education, and would promote other activities which would be in the public's interest.

Your Committee has amended the bill by changing the appropriated amount to \$8,000,000 for the purchase of Coconut Island.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 239, H.D. 3, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 239, H.D. 3, S.D. 1, and be referred to the

Committee on Ways and Means.

Signed by all members of the Committee except Senators Aki, Hagino, Young and Henderson.

SCRep. 807 Government Operations on H.B. No. 40

The purpose of this bill is to create a statewide comprehensive risk management plan and a state commission on accident prevention and risk management. An appropriation of \$1 is included for the hiring of additional staff.

Your Committee finds that the bill as proposed would create an overlap in authority, clouding the separation of responsibilities between the Department of Accounting and General Services and the Department of Personnel Services' Workers' Compensation Division. In addition, the cost of the proposed commission and statewide risk management plan could run as high as \$500,000.

Your Committee has therefore, amended the bill by deleting the language suggested by the House, repealing chapter 41, Hawaii Revised Statutes, dealing with the state insurance administration, and substituting a new chapter on state risk management and insurance administration. In effect, S.B. No. 1170, S.D. 2, has been inserted into this "vehicle".

The new chapter will provide the comptroller with the responsibility and authority to operate a comprehensive risk management and insurance program for state government, excluding workers' compensation and public employee benefits programs.

The bill also has been amended to provide for a transfer of \$10.2 million in fiscal year 1987-1988 and \$10.7 million in 1988-1989, from other departments to the state risk management revolving fund. The amended bill also appropriates an additional \$5 million in fiscal year 1987-1988 and \$5 million in fiscal year 1988-1989 to be deposited into the revolving fund for the purposes of this bill.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 40, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 40, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 808 Government Operations on H.B. No. 250

The purpose of this bill is to provide for the release of the personal records of appointed public officials which are relevant to that officials' qualifications.

Your Committee received testimony from Common Cause, the Hawaii State Division of the American Association of University Women, the Honolulu Community-Media Council, the Hawaii Chapter of the Society of Professional Journalists, and two concerned citizens in favor of greater access to public records concerning government officers and employees.

Your Committee finds that information that has historically been available in Hawaii and is routinely available in most states is now being treated as confidential. This is happening even in cases where the public interest in disclosure clearly outweighs any real or imagined privacy interest.

Your Committee has adopted the suggestion of Mr. Ian Lind by amending the bill by substituting equivalent language from the Uniform Fair Information Practices Code which was drafted by the Commission on Uniform State Laws. This amendment is consistent with the intent of the bill as received while allowing for references to a greater body of common law (e.g. New York state cases under sec. 3-101 which is an almost identical provision) and to the deliberations of the Commission on Uniform State Laws, should any clarification be required.

In reporting favorably on the amendments to the bill, it is not the intent of your Committee to limit the deliberations of the Governor's ad hoc committee which will be studying Chapters 92 and 92E, Hawaii Revised Statutes, during the interim.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 250, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 250, H.D. 2, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 809 Government Operations on H.B. No. 268

The purpose of this bill is to provide for the quarterly transfer to each county of all money collected in the county as fines for parking and traffic violations which did not require a court appearance. This transfer would not occur for tickets issued by state agencies or officials.

Currently, all fines and forfeitures must be deposited into the State's general fund. Thus the current law does not recognize the time and effort expended by the counties in the enforcement of parking and traffic laws.

Your Committee received testimony from the Judiciary and the City and County of Honolulu to the effect that the counties spend approximately \$6.00 for every \$4.00 spent by the Judiciary on these cases.

Your Committee amended the bill by deleting the above mentioned provisions concerning fines which did not require a court appearance and inserting language which requires the Director of Finance of the State of Hawaii to deposit quarterly, into the general fund of each county, sixty percent of all fines and forfeitures collected by the district courts in that county. This split was based on the cost estimates of the counties and the Judiciary for handling their respective part of the traffic fines and forfeiture process.

Your Committee notes that the new language will not, in any way, abrogate the reimbursement to the State's parking control program, pursuant to Section 107-11, Hawaii Revised Statutes, of the total fines collected by state employees.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 268, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 268, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 810 Government Operations on H.B. No. 1156

The purpose of this bill is to statutorily create a State Fire Council administrator who shall be assigned duties at the discretion of the State Fire Council. The administrator shall be a member of the Honolulu Fire Department.

In addition, the bill designates the fire chief of the City and County of Honolulu as the chairperson of the State Fire Council and provides that the Honolulu Fire Department shall provide all necessary assistance to the State Fire Council. The bill also requires the State to annually reimburse the City and County of Honolulu for the costs of operating the State Fire Council and appropriates \$64,000 for fiscal year 1987-1988.

Your Committee has been advised, in a letter from the Attorney General, dated March 17, 1987, that Article VIII, Section 5 of the State Constitution does not apply to the expenses of the State Fire Council. Your Committee is concerned, however, that H.B. No. 1156 will trigger the state reimbursement requirements of Article VIII, Section 5. To compound the fiscal problem, the State Fire Council could expand its activities at the expense of the State without state control.

Your Committee has substantially amended the bill by limiting its scope to the following amendments: (1) the membership of the State Fire Council is more clearly defined, (2) the existence and membership of the advisory committee is made discretionary, (3) the fire chief of the City and County of Honolulu is made the chairperson, and (4) a one-time appropriation without a specific amount is included. In retaining the appropriation section, your Committee recognizes the prerogative of the Committee on Ways and Means and provides the proponents with an opportunity to justify a one-time appropriation.

Your Committee is adamantly opposed to any language which would trigger the state reimbursement requirements of Article VIII, Section 5, or otherwise commit the State to funding activities which clearly are a county responsibility. Care must also be taken to avoid duplication of amounts already provided in the executive budget for the Department of Labor and Industrial Relations.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 1156, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1156, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 811 Government Operations on H.B. No. 1706

The purpose of this bill is to establish the amount of State grants-in-aid that the counties shall receive for each fiscal year.

The bill provides that the amounts received in subsequent years will be adjusted to reflect changes in the consumer price index.

The bill further provides that the following percentages be used in the apportionment of the grants-in-aid among the counties:

Honolulu	50.0 per cent
Hawaii	18.5
Maui	17.5
Kauai	14.0

Your Committee finds that the counties are facing serious financial problems due to the termination of federal revenue sharing, increases in public demand for county services, repair and maintenance of aging infrastructure, new infrastructure needs, and increases in the cost of providing services. Your Committee believes that this bill will significantly alleviate the counties financial burdens.

Upon consideration of the bill your Committee has amended the bill by removing all references to the consumer price index. The addition of such an index may be appropriate after the respective responsibilities of the State and counties are better delineated and the base amount has been adjusted to reflect any changes in responsibility for providing services.

Your Committee believes that the amount of grants-in-aid to be received by the counties is best determined by the Committee on Ways and Means. The amount of grants-in-aid is, therefore, a nominal amount.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 1706, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1706, H.D. 2, S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 812 (Majority) Government Operations on H.B. No. 1814

The purpose of this bill is to appropriate \$5,000,000 out of the general revenues of the State of Hawaii for fiscal year 1987-1988 for the purchase of the Lihue Shopping Center.

The County of Kauai wishes to convert the shopping center into a county office building. The bill requires the County of Kauai to transfer the following fee titles to the State of Hawaii in return for the appropriation:

1. Wilcox School (Tax Map Key No. 3-6-02:10).
2. The land and building for the County of Kauai Police Station (Tax Map Key No. 3-6-02:5).
3. The land and building for the County of Kauai Public Works Building (Tax Map Key No. 3-6-05:3).

Your Committee finds that it is necessary for Kauai County to centralize their offices and dramatically increase their office space in order to properly serve the citizens. The Lihue Shopping Center is located adjacent to existing county buildings and properties and is a logical choice for meeting the needs of the County.

Upon consideration of the testimony submitted by Mayor Tony Kunimura, your Committee has amended the bill by deleting the provision for the transfer of the fee title of the County of Kauai Public Works Building, as it is an integral part of the continuous County complex. The estimated value of the remaining two properties to be conveyed is approximately \$3,730,000: \$2,720,000 for the 11.055 acres under the Wilcox School and \$1,013,353 and for the 0.964 acre Kauai Police Department parcel.

Your Committee also amended the bill by adding the transfer of approximately one half of the parking lot which is located between the State office building and Kauai County's Public Works building (a portion of Tax Map Key No. 3-6-05:3). The estimated value of this land is \$330,000.

Your Committee further amended the bill to specify that the money is appropriated to the County of Kauai and not merely to allow the County to use a state owned building.

While the value of the three properties being transferred to the State is approximately \$1,000,000 less than the \$5,000,000 appropriated, your Committee notes that the State assisted the County of Hawaii to a similar extent when it constructed its county office building. The County of Kauai is equally deserving of assistance.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 1814, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1814, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.
Senator George did not concur.

SCRep. 813 Transportation on H.B. No. 1517

The purpose of this bill is to increase the annual registration fees for those vessels covered under Section 267-11, Hawaii Revised Statutes.

Your Committee finds that the Department of Transportation has not raised these fees since 1977. Furthermore, your Committee is aware that the revenues collected under the current rate structure are inadequate to cover the expenses associated with administering the vessel registration program such that funds have been diverted from other boating programs to cover the deficits that have resulted.

The Federal Boat Safety Act of 1971 authorizes the State to establish vessel registration fees to cover the cost of administering the vessel registration program. This bill will provide the necessary increase in fees to cover these costs.

Your Committee notes that a Senate companion to this House Bill, S.B. No. 1748, was amended by changing the certificate fee of vessels less than twenty feet long to \$10 and vessels twenty or more feet long to \$30, and was subsequently approved by the Senate. Your Committee has therefore amended this bill to reflect these changes.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1517, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1517, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 814 Transportation on H.B. No. 1519

The purpose of this bill is to allow the Department of Transportation to increase or decrease future fees and charges for vessels registered pursuant to Section 267-11, Hawaii Revised Statutes, by adoption of rules.

Presently rate increases or decreases are subject to legislative action. Your Committee received testimony from the Department of Transportation indicating a need for greater flexibility to adjust these vessel registration fees to cover the cost of administering the vessel registration program. The Department testified that money from other programs had been shifted to cover the deficits encountered in this program.

Your Committee finds that while it may be desirable for the Department to have the flexibility to adjust their rates to meet their administrative costs, it is also important that the Legislature not relinquish its responsibilities of review and oversight.

Your Committee has therefore amended the bill to repeal the proposed new section after five years, at which time the Legislature shall review the Department's fee structure and the increases or decreases that have been made to the vessel registration fees and charges up to that time.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1519, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1519, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 815 Business Development and Pacific Relations on H.B. No. 33

The purpose of this bill is to establish a fifteen-member Economic Development Council within the Department of Planning and Economic Development (DPED) for the purpose of advising the Director of Planning and Economic Development on matters relating to economic development and coordination of economic development activities among the various federal, state, and county agencies and private industry.

Your Committee finds that among the State's major objectives are diversification and expansion of the economic structure of the State to achieve full employment, to increase income and job choice, and to improve living standards for Hawaii's people. Your Committee believes that the Economic Development Council established by this bill will help attain these worthwhile objectives.

However, your Committee believes that this concept would be most effective if the Council were to be strictly an advisory and research body with maximum flexibility, and therefore has amended the bill as follows:

- (1) Reduced the membership of the Council to six, with three appointed by the Governor, one each by the President of the Senate and the Speaker of the House of Representatives, and the Director of Planning and Economic Development as an ex officio voting member;
- (2) Deleted the material relating to members' qualifications;
- (3) Provided that the Council shall meet whenever and wherever it deems appropriate;
- (4) Deleted the Council responsibility to prepare and propose a five-year economic development plan, evaluate economic bodies, and appoint task forces;
- (5) Deleted the DPED's obligation to provide staff to the Council;
- (6) Deleted the material on state and county cooperation;
- (7) Generally rewritten the task provisions of the Council in § -2 for purposes of clarification and style; and
- (8) Provided an appropriation of \$1 to DPED.

Your Committee believes that the bill as amended is sufficient to provide a logical, meaningful, and feasible framework in which the Council may effectively carry out its functions.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 33, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 33, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 816 Business Development and Pacific Relations on H.B. No. 940

The purpose of this bill is to appropriate funds to the University of Hawaii to promote Hawaii's sister state relationship with Cheju province in Korea.

Your Committee finds that there is a need for increased interaction and cooperation among the people of the Pacific rim countries. This bill would provide funds to further the development of this interaction and cooperation between Hawaii and one of her sister states in Asia.

Your Committee has amended this bill by changing the appropriation from \$1.00 to \$10,000 and designating the Department of Planning and Economic Development as the expending agency.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 940, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 940, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 817 Business Development and Pacific Relations on H.B. No. 1899

The purpose of this bill is to provide an appropriation to the Department of Planning and Economic Development for the purpose of implementing the Main Street Program in Hawaii. The funds would be used to assist Hawaii's small towns in their efforts toward revitalization and adjustment to the State's evolving economy.

Your Committee finds that even though small towns in Hawaii have declined with the phasing out of the sugar and pineapple industries, they will continue to be an essential part of the basic fabric of the State and must be assisted in their efforts to adapt and become a contributing factor in Hawaii's new economy. Your Committee further finds that while there are programs in the State such as the Hawaii Community Development Authority which are designed to improve urban economic areas, there is no program specifically designed to help small towns in Hawaii except the Main Street Program. Legislative support of this program, therefore, would be in the public interest.

Upon further consideration, your Committee has amended Section 3 of the bill to appropriate the sum of \$190,000 for fiscal biennium 1987-1989 to implement the Main Street Program in Hawaii. Your Committee has also amended the bill by making technical changes which have no substantive effect.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 1899, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1899, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 818 Business Development and Pacific Relations on H.B. No. 1889

The purpose of this bill is to empower the Department of Land and Natural Resources to regulate archaeological activities throughout the State.

Your Committee received testimony from the Department of Land and Natural Resources and others and finds that regulation of archaeological activity in the State would allow the Department to track and obtain reports on the results of all such work. The Department could then utilize such information for land use planning, historical education, and other activities related to Hawaii's lands, history, and historic preservation.

Your Committee has amended the bill by making numerous technical and stylistic changes which have no substantive effect.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 1889, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1889, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 819 Health on H.B. No. 1150

The purpose of this bill is to appropriate \$678,000 for fiscal biennium 1987-1989, to the Department of Health for the establishment of a statewide interdepartmental cluster of agencies for coordinating placement and services for children with severe emotional and developmental problems who are served by multiple agencies.

Your Committee finds that children with severe emotional and developmental problems need service plans which are closely coordinated between and among the multiple agencies which serve them. This need is even more urgent for the small number of children with the most severe problems, where uncoordinated service planning and monitoring may actually make problems worse. Your Committee finds that such children require highly individualized approaches which are difficult to actualize without adequate funding.

Your Committee further finds that it is in the interest of the State to make every effort to avoid placement of children out of their own homes, or out of their communities, or out of the State whenever possible. In order to accomplish this, an innovative and flexible mechanism, such as the proposed statewide interdepartmental cluster, which can operate across several departments, is required.

Your Committee finds that this bill, by providing a systematic mechanism and sufficient funding to coordinate the multiple services required by our most disturbed children will significantly increase the State's ability to carry out its responsibilities towards this population.

Your Committee has amended the bill by providing that the statewide interdepartmental cluster shall be comprised of the Department of Health, the Department of Education, the Department of Social Services and Housing, the Judiciary, and the Office of Children and Youth as regular members. Your Committee has further amended the bill by clarifying the scope of the statewide interdepartmental cluster's activities and by generally rewriting the bill for the purposes of clarity and style.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1150, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1150, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 820 Health on H.B. No. 314

The purpose of this bill is to make housekeeping and technical corrections to Act 306, Session Laws of Hawaii 1986, which exempts amounts received for the sale of prescription drugs and prosthetic devices from the general excise tax.

Specifically, the definition of "prescription drug" has been clarified to clearly include sales of drugs by licensed practitioners. Also, new prescriptions as well as refills would be exempt from the tax and oral as well as written prescriptions would satisfy the requirements of the law.

The bill would also expand and clarify the definition of "prosthetic device" to include sales by a dealer of prosthetic devices and any replacement parts subsequently purchased for the device.

Your Committee finds that enactment of this bill would clarify the exemptions for drugs and prosthetic devices under the general excise tax law.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 314, 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. 821 Health on H.B. No. 1487

The purpose of this bill is to amend the schedule of controlled substances in accordance with federal law and to allow for the forfeiture to the State of vehicles used to illegally distribute controlled substances and real property used in connection with illegal drug activities.

Specifically, the bill adds hallucinogenic substances to schedule II and the substances midazolam and quazepam to schedule IV. The bill would also authorize the State to keep any aircraft, vehicle, or vessel used to illegally distribute controlled substances and any real property which has been used in connection with illegal drug trafficking. Currently, the State may keep only those aircraft, vehicles, or vessels used in the illegal sale or receipt of controlled substances, and seizure of real property may only be made pursuant to federal law, in which case the property inures to the federal government.

Your Committee finds that the updating of the schedules of controlled substances is necessary in order to conform Hawaii's statutes with federal law and to increase the effectiveness of government efforts to combat the influx of new "designer" type drugs which are designed and manufactured specifically to evade current laws. With respect to forfeiture, it is your Committee's finding that the State should have the authority to keep all vehicles used for illegal distribution and any real property used in connection with illegal drug transactions in cases where the State or local authorities investigated the case and otherwise did the work necessary to obtain conviction.

Your Committee has amended the bill by:

- (1) Substituting "seized" for "sized" in line 18, page 12 to correct a typographical error.
- (2) Inserting the word "filing" in brackets after the word "such" in line 22, page 12 and underscoring the word "notice" in the same line. The effect of the amendment is to allow forfeiture of property to the State twenty days after notice is given to owners of the filing of a petition for forfeiture rather than twenty days after the filing of the petition. Under the present statutory language, a forfeiture could be ordered before notice of the proposed forfeiture is given and such a procedure

would not afford due process to owners of the affected property.

(3) Making a technical change which has no substantive effect.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1487, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1487, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 822 Health on H.B. No. 594

The purpose of this bill is to enable the State Planning Council on Developmental Disabilities to hire its executive secretary without regard to the civil service requirements provided in chapters 76 and 77, Hawaii Revised Statutes.

Currently, the Council is administratively attached to the Department of Health and must select its executive secretary from within the state system. This bill would enable the Council to select the most qualified candidate from the private sector, if appropriate.

Your Committee heard testimony by the Department of Health, the State Planning Council on Developmental Disabilities, and others, and finds that although the Council and the executive secretary are attached to the Department, it is crucial that they have the freedom and autonomy to advocate for the best interests of the developmentally disabled population as first priority. This bill would enable the Council to take issue with the Department when it determines that the interests of the target population would be best served by doing so.

Your Committee has amended the bill by providing that the executive secretary shall be appointed by the governor upon the recommendation of the State Council and, along with the staff, shall be evaluated each year by the State Council in terms of job performance.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 594, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 594, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 823 Health on H.B. No. 1151

The purpose of this bill is to authorize special purpose revenue bonds in the amount of \$40,000,000 to assist Kapiolani Health Care System in the needed renovation of Kapiolani Women's and Children's Medical Center and for purchase of necessary medical and computer equipment.

Your Committee received testimony from Kapiolani Health Care System and Healthcare Association of Hawaii and finds that Kapiolani Health Care System is a not-for-profit corporation that provides health care facilities to the general public and is therefore eligible for financial support by means of special purpose revenue bonds issued pursuant to chapter 39A, part II, Hawaii Revised Statutes.

Your Committee further finds that this measure will improve the ability of Kapiolani Health Care System to provide needed medical and health related services to the public, and is therefore in the public interest and consistent with the legislature's mission to provide for the public health.

Your Committee has amended the bill by making technical changes which have no substantive effect.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1151, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1151, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 824 Health on H.B. No. 1484

The purpose of this bill is to bring under control the rental of private residences to groups of unsupervised, unrelated individuals, and to more clearly define types of facilities requiring county licensure and the conditions of such licensure.

In recent years, emotionally and socially disabled individuals have been allowed and encouraged to rent rooms or homes in private residences, on the theory that they are fully competent adults responsible for their own behavior and self-discipline. They live as groups in unsupervised environments, unprotected from the fringes of law and society.

As a result, these disabled persons frequently fall victim to these fringe elements, become disruptive, and disturb neighborhood peace and tranquility. Law enforcement efforts have been ineffective in controlling this situation.

Your Committee received testimony on this bill from the Director of Health and several community groups and finds that this measure is necessary to clarify and strengthen the authority of the counties and the State relating to licensing and regulating private group residences for the protection of the occupants and the neighborhood community. However, your Committee also finds that further changes in the law are necessary in order to effectively carry out the intent of this measure. Therefore, your Committee has made the following amendments:

- (1) Clarified that no acts of prostitution, or any person involved with prostitution in any way, are allowed on premises regulated pursuant to chapter 445, Hawaii Revised Statutes;
- (2) Prohibited the furnishing or selling of narcotics or controlled substances on such premises, unless authorized by law;
- (3) Clarified that the police or county agents, or agents of the Department of Health, shall at all times have access to such premises for purposes of inspections to enforce or administer chapter 445 and other applicable laws;
- (4) Provided that no facility shall purport to deliver health care services or treatment unless it is licensed, certified, or contracted to do so by the State or other government agencies;
- (5) Exempted from the regulation of chapter 445 those facilities, owned or used by a government agency or by a non-profit agency, which are registered with the Department of Commerce and Consumer Affairs and provide services by contract for a government agency; and
- (6) Made language changes in the definition of "Boardinghouse" for the purpose of clarity and made other technical changes which have no substantive effect.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1484, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1484, H.D. 2, S.D. 1, and be referred to the Committee on Government Operations.

Signed by all members of the Committee.

SCRep. 825 Judiciary on H.B. No. 1469

The purpose of this bill is to appropriate funds from the State general fund, the highway fund, and the general obligation bond fund to pay various claims against the State.

Your Committee on Judiciary is still concerned that if the Legislature continues to appropriate money out of the general fund, there will be no incentive on the part of departments to take steps to reduce their liability. Your Committee believes apportioning the costs directly to the departments which have created the liability will have the salutary effect of encouraging them to take corrective measures.

Furthermore, your Committee believes that apportioning costs will enable the general public to assign responsibility.

Your Committee believes that the Department of the Attorney General should develop procedures to assign responsibility for claims against the State to the appropriate department.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1469, 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. 826 Judiciary on H.B. No. 951

The purpose of this bill is to make uniform the disposition of property forfeited under the criminal laws of Hawaii. In addition, this bill establishes a criminal forfeiture fund into which all forfeitures of money or other property ordered by the courts pursuant to the statutes relating to criminal offenses will be placed. This fund is to be administered by the comptroller.

Your Committee on Judiciary has amended the bill to limit the forfeitures to the fund to property and money forfeited from the enforcement of drug and narcotics laws, and give the Attorney General the authority to allocate the amounts realized from the forfeitures. Several law enforcement agencies are engaged in drug enforcement, and where more than one agency is involved in a particular drug case, the Attorney General will make the distribution of proceeds according to the effort each agency contributed to the case. Your Committee believes this will provide an equitable means of apportioning the amounts realized from the forfeitures.

Your Committee's intent is that the Attorney General will make allocations of presently existing funds as well as any funds forfeited in the future. In discussions with the Attorney General, he agreed he will develop standards, criteria, and guidelines which he will use to allocate these funds. The Attorney General will report to the 1988 Legislature on the standards developed, and the amounts forfeited and allocated.

Your Committee has also amended the bill by deleting Section 3 of the bill, which referred to Section 701-119, Hawaii Revised Statutes. As it presently stands, Section 701-119 is a general forfeiture section resulting from an expansion of prior statutory provisions dealing with bribery and gambling. Currently, Subsection (1) of Section 701-119 already allows other forfeiture procedures to be used if otherwise provided by law.

Your Committee has also amended Section 4 of the bill to provide that where property is forfeited from enforcement efforts against organized crime, only the property forfeited from illegal drug activity will go into the criminal forfeiture fund.

Your Committee is in accord with the intent and purpose of H.B. No. 951, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 951, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 827 Judiciary on H.B. No. 121

The purpose of this bill is to establish a statewide "one week or one trial" system for jury service. This bill is intended to implement the recommendations in the report made by the National Center for State Courts to the State Judiciary. The National Center was commissioned to study the concerns regarding the jury system expressed in House Resolution No. 127, Eleventh Legislature of the State of Hawaii, Regular Session of 1982.

Your Committee received testimony that the length of jury service required under the current system has caused many prospective jurors to be excused from service because of economic or personal hardship. This has often resulted in under or over representation of certain groups in the jury pool. The bill would significantly reduce the amount of time a person is asked to serve thereby allowing more people to participate in the judicial process. Moreover, it would enable juries to be more broadly representative of the community. This bill would also replace the current jury commission with a clerk and eliminate all statutory exemptions for jury service except for judges and ministers or priests.

The bill has been amended to change nomenclature from "one week or one trial" to "one day or one trial". This change was made to clarify the original provisions of the bill which provided that prospective jurors would be called to serve either for one day or one trial under the proposed law.

The bill was also amended to eliminate the statutory exemptions from jury service for ministers or priests and to reinstate the exemption for attorneys. This bill as originally drafted provided exemptions only for judges and attorneys. The inherent relationship between attorneys and judges with the judiciary warrants the exemptions. However, the elimination of all other statutory exemptions would facilitate the intent of the bill which is to provide for the broadest representation of the community within the jury pool.

SECTION 9 of the bill was amended by reducing from one year to six months, the period a grand jury shall serve after being impaneled. The purpose of this amendment is to allow for greater citizen participation in the grand jury process by reducing the economic or personal hardship to prospective jurors resulting from the current one year length of service.

Section 11 was amended by deleting the term "second, third and fifth circuits". The enumeration of those circuits in this section was believed to be unnecessary surplusage.

Section 13 was amended by deleting the phrase "or excused for cause", as unnecessary verbiage. The situation where a prospective juror is excused for cause is provided for in the provisions where a juror is "challenged at voir dire and excused, or "called to a courtroom and later excused. Grammatical and non-substantive changes was also made to this section.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. 121, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 121, H.D. 1, S.D. 1 and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 828 Judiciary on H.B. No. 909

The purpose of this bill is to simplify and streamline the circuit court fee schedule by providing for payment of a uniform fee of \$50.00 for most filings.

Your Committee generally believes that a minimum \$5.00 fee should be charged to ensure that the fee covers the cost of accounting for the fee. On the other hand, your Committee finds no justification for the fee increase in many of the enumerated items. Accordingly this bill was amended to reinstate the original fees for many court filings.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 909, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 909, S.D. 1, and be referred to the Committee on Government Operations.

Signed by all members of the Committee.

SCRep. 829 Education on H.B. No. 628

The purpose of this bill is to appropriate \$20,000 in fiscal year 1987-1988 to send four student representatives and one advisor to the Future Homemakers of America National Leadership Conference.

Since its founding in 1945, the Future Homemakers of America program has provided educational as well as social activities to over seven million participants nationwide. Presently, the national membership consists of three hundred and fifty thousand young men and women.

Future Homemakers of America is the only in-school organization with the family as its central focus. It is a valuable vocational education student organization that functions as an integral part of the home economics education curriculum and operates within the school system providing opportunities for active student participation at local, state, and national levels.

Your Committee received favorable testimony from the Department of Education and finds that participation in national as well as state level activities provides students with valuable educational experiences.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 628, 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. 830 Education on H.B. No. 630

The purpose of this bill is to appropriate \$75,000 for fiscal year 1987-1988 to the Department of Education for the implementation of the Lions-QUEST Skills for Adolescence Program.

The funds appropriated will be used for the costs of materials and texts, training costs for teachers by the QUEST National Center and for other expenses related to the program.

The Lions-QUEST Skills for Adolescence Program developed into a joint program from the efforts by the Lions Clubs International and QUEST National Center to minimize and eliminate drug use.

The program will enable schools to teach intermediate and high school students to develop character, build a positive self concept, reduce alienation and to prevent, control and reduce

substance abuse.

Your Committee finds that substance abuse is recognized as one of the most critical problems in the community. It further finds that the schools are faced with an increasing number of students who are substance abusers and are in need of support to cope effectively with the problem of substance abuse.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 630 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. 831 Planning and Environment on H.B. No. 359

The purpose of this bill is to appropriate the sum of \$100,000 to the Department of Health to establish and operate a pilot program for the disposal of hazardous agricultural pesticides.

Your Committee finds that significant quantities of unwanted, out-dated, and partially used pesticides may presently be in the possession of many of Hawaii's farmers. If not disposed of in the proper manner, many agricultural pesticides have the potential to cause undesirable effects on the environment and the public. This bill will assist Hawaii's farmers in the disposal of unwanted pesticides.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 359, 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. 832 Planning and Environment on H.B. No. 383

The purpose of this bill is to appropriate funds for the Department of Health to investigate the potential health risks posed by pesticides in air due to drift and other forms of non-point source pollution.

Presently, there are agricultural activities and pest control operations which are often interspersed with residential developments and questions have been raised in regard to the potential effects of pesticide drift from spray applications on surrounding facilities, parks, homes and other areas.

Your Committee, upon careful review of this bill and numerous supporting testimonies, finds that accurate data on this subject is needed by the Department of Health to show whether or not pesticide drift constitutes a significant problem. Your Committee further finds that such data may be useful to homeowners and the pest control industry alike to assist them in making better decisions regarding the form of pest control most appropriate for their concerns and safety.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 383 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. 833 Labor and Employment on H.B. No. 5

The purpose of this bill is to provide protection to employees in the private and public sectors who report suspected violations of law from any form of retaliation by their employers.

The bill bars discharge, discrimination and other forms of adverse action which would deter citizens from participating in investigations by various branches of government as well as governmental agencies.

Your Committee has amended the bill by adding subsection (b) to section -6 which provides that if a collective bargaining agreement provides better protection than this bill, the contractual rights, remedies and procedures should prevail. Where, however, collective bargaining contract provisions are inferior to rights, remedies and procedures under this measure, the provisions of this bill shall prevail.

The bill has been further amended by making nonsubstantive technical changes.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 5, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 5, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 834 (Majority) Labor and Employment on H.B. No. 220

The purpose of this bill is to include psychologists under the definition of "physician" for the purposes of the workers' compensation law.

Section 386-1, Hawaii Revised Statutes, specifies that only doctors of medicine, dentists, chiropractors, osteopaths, naturopaths, and optometrists are to be considered physicians. Section 386-21 provides that if medical care is needed, an injured employee may select any physician or surgeon to provide the care. This bill would allow a claimant to select a psychologist as the physician of record.

Your Committee has strong reservations about the cost-effectiveness of this measure. In addition, your Committee has doubts about the propriety of designating psychologists as "physicians" and is concerned about the implications if psychologists are to become independent providers under the workers' compensation law. Your Committee further notes that under current law, an injured worker who requires the services of a psychologist may obtain them through referral by a physician.

However, despite your Committee's doubts, your Committee believes that this measure has sufficient merit as a concept to warrant further discussion, and is therefore approving it with reservations.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 220 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.
Senator Reed did not concur.

SCRep. 835 Labor and Employment on H.B. No. 317

The purpose of this bill is to provide fund authorizations and appropriations for Unit 1 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for fiscal biennium 1987-1989.

Fund authorizations and appropriations by the legislature are necessary, in accordance with section 89-10 (b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 317, 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. 836 Labor and Employment on H.B. No. 318

The purpose of this bill is to provide fund authorizations and appropriations for Unit 2 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the legislature are necessary, in accordance with section 89-10 (b), Hawaii Revised Statutes, to cover the expected cost implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B.

No. 318, 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. 837 Labor and Employment on H.B. No. 319

The purpose of this bill is to provide fund authorizations and appropriations for Unit 3 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the legislature are necessary, in accordance with section 89-10 (b), Hawaii Revised Statutes, to cover the expected cost implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 319, 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. 838 Labor and Employment on H.B. No. 320

The purpose of this bill is to provide fund authorizations and appropriations for Unit 4 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the legislature are necessary, in accordance with section 89-10 (b), Hawaii Revised Statutes, to cover the expected cost implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 320, 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. 839 Labor and Employment on H.B. No. 321

The purpose of this bill is to provide fund authorizations and appropriations for Unit 5 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the legislature are necessary, in accordance with section 89-10 (b), Hawaii Revised Statutes, to cover the expected cost implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 321, 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. 840 Labor and Employment on H.B. No. 322

The purpose of this bill is to provide fund authorizations and appropriations for Unit 6 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the legislature are necessary, in accordance with section 89-10 (b), Hawaii Revised Statutes, to cover the expected cost implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 322, 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. 841 Labor and Employment on H.B. No. 323

The purpose of this bill is to provide fund authorizations and appropriations for Unit 7 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the legislature are necessary, in accordance with section 89-10 (b), Hawaii Revised Statutes, to cover the expected cost implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 323, 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. 842 Labor and Employment on H.B. No. 324

The purpose of this bill is to provide fund authorizations and appropriations for Unit 8 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with section 89-10(b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representative for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 324, 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. 843 Labor and Employment on H.B. No. 325

The purpose of this bill is to provide fund authorizations and appropriations for Unit 9 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with section 89-10(b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representative for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment 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 referred to the Committee

on Ways and Means.

Signed by all members of the Committee.

SCRep. 844 Labor and Employment on H.B. No. 326

The purpose of this bill is to provide fund authorizations and appropriations for Unit 10 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with section 89-10(b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representative for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment 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. 845 Labor and Employment on H.B. No. 327

The purpose of this bill is to provide fund authorizations and appropriations for Unit 11 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with section 89-10(b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representative for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 327, 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. 846 Labor and Employment on H.B. No. 328

The purpose of this bill is to provide fund authorizations and appropriations for Unit 13 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with section 89-10(b), Hawaii Revised Statutes, to cover the expected cost of implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representative for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 328, 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. 847 Labor and Employment on H.B. No. 418

The purpose of this bill is to provide fund authorizations and appropriations for wage and other adjustments in fiscal biennium 1987-1989 for executive, judiciary, and legislative officers and employees excluded from collective bargaining.

Section 89C-2, Hawaii Revised Statutes (HRS), stipulates that the compensation, hours, terms and conditions of employment, and other benefits for public officers and employees who are excluded from collective bargaining shall be adjusted by the chief executive of the state, the board of education, the board of regents, or the chief justice, as applicable. Further, section 89C-5, HRS, stipulates that any such adjustments which constitute cost items shall be subject to appropriation by the legislature.

Since such adjustments may not be formulated in time to include the resulting cost items in the 1987-1989 biennium budget, a separate measure may be necessary.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 418, 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. 848 Consumer Protection and Commerce on H.B. No. 410

The purpose of this bill was to update and revise Hawaii's insurance laws.

In 1985, the legislature provided funds to the insurance commissioner for a comprehensive review of the insurance laws of the State. The report on that review, along with recommendations for revisions, was submitted to the legislature along with this bill, which represents a complete rewrite of Hawaii's insurance laws.

Your Committee has amended the bill by deleting its substance and substituting provisions which would (1) require the Hawaiian Insurance Guaranty Association to be subject to the requirements of chapter 92, Hawaii Revised Statutes; (2) provide that the insurance commissioner and employees of the insurance division shall not be immune for acts done or omitted in the performance of their duties; and (3) require that insurance companies shall provide written disclosure of their profits. Your Committee finds that these amendments would provide for greater public and financial accountability of insurers and administrators.

In deleting the substance of H.B. No. 410, H.D. 1, your Committee does not intend to indicate disagreement with the bill's contents. Rather, your Committee finds that maximizing the ostensible area of difference between the House and Senate drafts of the bill will allow for full consideration of the measure in conference.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 410, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 410, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 849 Culture, Arts and Historic Preservation on H.B. No. 1091

The purpose of this bill is to assure that when prehistoric or historic human remains are discovered, they are protected until examined by an anthropologist, after which the remains must be reburied on the site, reinterred in another approved site, or placed in an approved facility for curation.

This bill establishes appropriate procedures to handle the disposition of historic and prehistoric remains and provides the Department of Land and Natural Resources with valuable information regarding Hawaiian burial sites. The bill also affords the Office of Hawaiian Affairs the opportunity to insure that ancestral remains are properly interred.

Your Committee heard testimony in support of this bill from the Department of Land and Natural Resources (DLNR), Sierra Club, Office of Hawaiian Affairs (OHA), and the Society for Hawaiian Archaeology.

Upon recommendation of the Department of Land and Natural Resources, your Committee has amended the bill as follows:

- (1) Subsection (a) (1): language employed in House Draft 1 has been inserted as it is more appropriate in its designation of responsibility to DLNR and its articulation of who shall make the initial assessment and what the initial assessment will entail.
- (2) Subsection (a)(2): the phrase "as agreed upon in subsection (1)" has been deleted.

- (3) Subsection (a)(3): the inclusion of the provision to have the remains examined on the island on which they were discovered has been deleted as appropriate laboratory facilities do not exist on all islands.
- (4) Subsection (a)(4): "and the office of Hawaiian affairs" has been deleted to designate responsibility to DLNR and to provide for the resolution of any disagreements between OHA and DLNR over the final disposition of the discovered burials.
- (5) Page 3, lines 4-5: language changed to read "and to others who the department deems appropriate".
- (6) Section 4: fiscal year 1988-1989 had been added to indicate legislative intent to continue implementation of the Act.

Your Committee has further amended the bill by making technical changes which have no substantive effect.

Your Committee on Culture, Arts, and Historic Preservation is in accord with the intent and purpose of H.B. No. 1091, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1091, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 850 Culture, Arts and Historic Preservation on H.B. No. 1936

The purpose of this bill is to appropriate the sum of \$1 and to authorize the issuance of general obligation bonds for the planning, design and construction of the Waikiki War Memorial Natatorium Restoration.

Your Committee received supporting testimony from the Department of Land and Natural Resources, Honolulu City Council and the Chamber of Commerce.

Your Committee has amended the bill by increasing the appropriation amount to \$10,950,000 and by inserting the following statement to reflect that the memorial is to honor all of our war heroes and not only those from World War I:

"The Natatorium shall be a war memorial dedicated to the brave American military personnel from Hawaii who sacrificed their lives during World War I and II, the Korean conflict and the Vietnam War."

Your Committee is in accord with the intent and purpose of H.B. No. 1936, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1936, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 851 Tourism and Recreation on H.B. No. 1494

The purpose of this bill is to allow the issuance of long-term residential leases to certain residents of Kahana Valley, Oahu, provided each lessee family participates in Kahana Valley State Park public interpretive programs. The Department of Land and Natural Resources would be authorized to negotiate the proposed leases and establish the role of each lessee family in establishing and operating interpretive programs.

Chapter 171, Hawaii Revised Statutes, requires leases of public land to be issued via public auction and does not authorize directly negotiated residential leases. However, the legislature has, from time to time, enacted special legislation to provide long-term leases to specific groups of people when the legislature found unique situations which were deemed to be in the public interest.

Your Committee finds that this bill would provide a means of allowing the establishment of a "living park" as part of the Kahana Valley State Park's cultural program. Your Committee also finds that the legislature has expressed interest in this "living park" concept since 1971 through a number of bills and resolutions, and since the Kahana Valley residents enjoy a lifestyle which would be of great value to a public interpretive program, the issuance of long-term residential leases to traditional valley residents would be in the public interest.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of H.B. No. 1494, 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. 852 Labor and Employment on H.B. No. 42

The purpose of this bill is to organize and sponsor a conference on Hawaii's Workers' Compensation State Fund.

The conference would gather in Hawaii a variety of experts on state funds from nineteen other states where some form of state fund has been implemented in the workers' compensation insurance market. The focus of the conference would be on how best to implement the objectives of the Hawaii fund, examining the most desirable and effective features as well as potential problems and pitfalls that some states may have encountered.

This bill also includes a \$200,000 appropriation to be used to attract qualified guests and to invite all segments of our community to this program.

Testimony in support of this measure was submitted by the Department of Labor and Industrial Relations, the UPW, Local 646, AFSCME, AFL-CIO, and the ILWU Local 142, while testimony in opposition to this bill was submitted by the Hawaii Independent Insurance Association, the Chamber of Commerce of Hawaii, the Hawaii Insurers Council, and Small Business Hawaii.

After due consideration, your Committee has amended the bill by reducing the appropriation amount from \$200,000 to \$100,000, and by changing the effective date from "upon approval" to "July 1, 1987."

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 42, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 42, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 853 Labor and Employment on H.B. No. 190

The purpose of this bill is to make collective bargaining negotiations of public employers' contributions to the Health Fund consistent with the health benefit changes authorized by the State Legislature in Act 304, Session Laws of Hawaii 1985.

Your Committee, upon review of the following laws, Chapter 87, Hawaii Revised Statutes (HRS), the Health Fund Law, and Chapter 89, HRS, the Collective Bargaining in Public Employment Law, finds that:

1. In 1984, Act 254 authorized collective bargaining negotiations to determine the amount of public employer contribution for the following employee fringe benefits:
 - A. Medical, hospital and surgical benefits of a health benefits plan,
 - B. Dental benefits of a health benefits plan, and
 - C. Group life insurance benefits.
2. In 1985, the Legislature passed Act 304 and authorized the Health Fund's Board of Trustees to contract for additional health benefit plans:
 - A. Adult dental plan,
 - B. Prescription drug plan, and
 - C. Vision care plan.

Your Committee further noted that Chapter 89, HRS, the Collective Bargaining in Public Employment Law, was not concurrently amended in 1985 to permit collective bargaining negotiations to determine the amount of public employer contributions for a wider range of health benefits as authorized by Act 304, Session Laws of Hawaii 1985. This bill will correct this inconsistency.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 190 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. 854 Labor and Employment on H.B. No. 370

The purpose of this bill is to mandate arbitration for complaints alleging a breach of the duty of fair representation by employee organizations.

Your Committee heard testimony in support of this measure from the United Public Workers, Local 646, AFSCME, AFL-CIO. Conversely, representatives from the Department of Personnel Services and the Hawaii Labor Relations Board testified against this bill.

Your Committee finds that the arbitration forum provides a meaningful institutional alternative to minimize public expense caused by delayed decision-making. For breaches of the duty of fair representation, this measure requires that complaints be filed within 60 days and that binding arbitration decisions be rendered within 180 days of the filing of a complaint.

All complaints involving duty of fair representation under Chapters 89 and 377, Hawaii Revised Statutes, will be required to be filed with the Hawaii Labor Relations Board (Board). The Board shall have exclusive jurisdiction over all such claims and shall refer them to mandatory and binding arbitration as specified in this bill.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 370 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 855 Government Operations on H.B. No. 331

The purpose of this bill is to establish different penalties for minors who violate Section 281-101.5, Hawaii Revised Statutes, than are provided for adults.

Presently, the penalty provisions of Section 281-101.5(d), Hawaii Revised Statutes, apply equally to all persons, regardless of age. In fact, however, persons under the age of 18 are referred to the Family Court and are not "convicted". Violators between the ages of 18 and 21 are in the anomalous position of being considered minors when making the purchase, but adults when applying the penalties.

Your Committee agrees that the current penalty provisions are in need of revision. However, rather than merely establishing a dichotomy between those over 21 and those under 21, your Committee believes that the penalty should vary with the nature of the offense as well as the age of the offender.

Therefore, your Committee has amended the bill by deleting the language suggested by the House of Representatives and creating a three-part penalty section. The precise penalties which are included are only suggestions. The determination of penalties is a matter best left to the Committee on Judiciary.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 331, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 331, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 856 Housing, Hawaiian Programs and Natural Resources on H.B. No. 27

The purpose of this bill is to authorize the issuance of \$20,000,000 in general obligation bonds for the development of affordable housing for the elderly for fiscal years 1987-1988, 1988-1989, and 1989-1990.

Your Committee received favorable testimony from the Hawaii Housing Authority (HHA) and finds that there exists an urgent need to develop more affordable housing units for the elderly as they are the fastest growing segment of our population. HHA indicated that as of January 31, 1986, there were at least 1,863 elderly persons on the waiting list for HHA's rental assistance program.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 27, 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. 857 Housing, Hawaiian Programs and Natural Resources on H.B. No. 1512

The purpose of this bill is to allow the Hawaii Housing Authority (HHA) to establish a taxable mortgage securities program and authorizes the issuance of these securities in the aggregate principal amount not to exceed \$400 million.

The State's tax exempt mortgage program, commonly referred to as Hula Mae, was established by the State Legislature in 1979 and has been a very successful program in providing below-market interest rates to first-time homebuyers.

The HHA has assisted more than 4,500 families in purchasing a home of their own since the first tax-exempt bond issue in 1980. However, despite the success of the Hula Mae Program, mortgage financing alternatives must be sought and implemented due to passage of the Tax Reform Act of 1986. Provisions in the tax reform measure have placed much stricter income and purchase price limits on the Hula Mae Program, such that a large percentage of the families and properties which have previously qualified for Hula Mae financing would no longer qualify under the new federal laws regarding tax-exempt mortgage revenue bond programs. In addition, federal authorization for such programs will sunset on December 31, 1988. Thus, Hawaii must seek alternative means of financing lower interest rate mortgage loans for first-time homebuyers; one alternative is the establishment of a taxable mortgage securities program.

Your Committee finds that issuance of these taxable securities will not be counted toward the State's debt ceiling and will not be considered in determining the State's credit standing by Standard & Poor's and Moody's. Taxable securities would be considered revenue bonds as opposed to general obligation bonds.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 1512, 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. 858 Housing, Hawaiian Programs and Natural Resources on H.B. No. 1012

The purpose of this bill is to create a Rental Housing Revolving Fund under Chapter 359G, Hawaii Revised Statutes.

The bill provides that all funds appropriated and all moneys received or collected by HHA for rental housing, and funds from the Dwelling Unit Revolving Fund be deposited into the Rental Housing Revolving Fund (Fund). It provides further that proceeds from the Fund may be used for the necessary expenses in administering and carrying out a rental housing program including the development of rental projects, especially those for the elderly.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 1012, 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. 859 Housing, Hawaiian Programs and Natural Resources on H.B. No. 1447

The purpose of this bill is to appropriate \$5,000,000 to the State's Rental Assistance Program.

The State's Rental Assistance Program, created under Part III of Chapter 356, Hawaii Revised Statutes, allows the State to assist in inducing the development or rehabilitation of rental housing for Hawaii's residents. Under this program, subsidies are provided to qualified owners of rental projects for a minimum period of ten years for all or a portion of the units in an eligible rental project thereby making affordable rental units available to residents of low- and moderate-income.

Since the inception of this program, the Legislature has appropriated \$5.5 million for the Rental Assistance Revolving Fund. Earnings from fund investments have thus far generated approximately \$1,000,000 in additional fund equity. The sum has been sufficient for the Hawaii Housing Authority to issue commitments for rental assistance payments to the owners of three different rental projects totaling 172 units. Funds available for future commitments will assist only 25 additional units.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 1447, 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. 860 Housing, Hawaiian Programs and Natural Resources on H.B. No. 37

The purpose of this bill is to assure individuals the right to sue in the courts of the State of Hawaii to facilitate the administration of the Hawaiian Homes Commission Act and the public trust created by Article XII, Sections 4, 5, and 6 of the State Constitution.

Your Committee received testimony from numerous individuals and groups and from the Office of Hawaiian Affairs, the Department of Hawaiian Homes Lands and the Attorney General of the State of Hawaii, and finds that a beneficiary of a trust should have the right to sue trustees if the beneficiary believes that the trust is being improperly managed.

Your Committee upon consideration of the bill and the testimony received has amended the bill by adopting the provisions of the Senate companion measure, S.B. No. 1320, S.D. 2. The substantive amendments to the bill are (1) the elimination of the standards for "frivolous" claims; (2) the deletion of the exceptions to the State's waiver of immunity; (3) the addition of a provision that would provide for retroactive effect of this bill to August 21, 1959; and (4) to also provide for a six year statute of limitation which would only be imposed from the time this measure is approved.

The bill has been further amended by making technical amendments which have no substantive effect.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 37, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 37, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 861 Housing, Hawaiian Programs and Natural Resources on H.B. No. 1795

The purpose of this bill is to provide the Hawaii Housing Authority (HHA) with greater flexibility in the sale price of bonds.

Under present law, HHA may sell bonds at not less than par at a public sale.

This bill would allow the HHA, at its discretion, to sell bonds at par or at less than par (discounted bonds) and further allow the bonds to be sold either through an advertised public sale or by negotiated private sale.

Your Committee heard supporting testimony from HHA and adopted the recommended language of the Bond Counsel. The bill has been amended on line 10 by adding the following phrase:

" , in each case for a price as may be determined by the authority to be in the best interest of the State."

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 1795, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1795, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 862 Housing, Hawaiian Programs and Natural Resources on H.B. No. 1138

The purpose of this bill is to authorize the Department of Land and Natural Resources to regulate dams in Hawaii.

This bill provides for the inspection and regulation of the construction, operation, and removal of dams in order to protect the health, safety and welfare of the citizens of the State. The bill also provides for administrative and judicial review for any person aggrieved or adversely affected by an order or action of the Board; a daily fine of not more than \$500 for violations of this proposed chapter; and rule making authority for the Board to effectuate the purposes of this proposed chapter.

Your Committee finds that Hawaii is only one of three states in the nation lacking dam safety regulations and that this measure is essential for the protection of persons living

downstream from a dam.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 1138 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. 863 Housing, Hawaiian Programs and Natural Resources on H.B. No. 592

The purpose of this bill is to allow the use of the State's Rental Assistance Program to subsidize rents in projects developed and financed by the Hawaii Housing Authority (HHA).

Under current law the Rental Assistance Program cannot be utilized in connection with HHA projects financed under section 356-27, Hawaii Revised Statutes. The Rental Assistance Program can only be utilized to lower tenants' rents in projects which are privately developed and financed pursuant to Part II of Chapter 356 and does not extend to Section 356-27 which is codified under Part I of the chapter.

This bill proposes amendments which will allow the Rental Assistance Program to be utilized in connection with a project developed under Part I of Chapter 356.

Your Committee finds that the State must take a more aggressive posture in the development of affordable rental housing. One means of accomplishing this is for the HHA to finance the development of rental housing projects through the issuance of tax-exempt revenue bonds as permitted under section 356-27, Hawaii Revised Statutes (HRS).

The development of projects through the issuance of bonds, however, is insufficient to make a rental housing program workable. The program must also be tied in with some form of rent subsidy program, such as the State Rental Assistance Program established under Part III of Chapter 356, HRS. Use of the Rental Assistance Program will allow rents to be affordable for low- and moderate-income families, and will make the rental projects self-sustaining.

Your Committee has amended the bill by making technical changes which have no substantive effect.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 592, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 592, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 864 Health on H.B. No. 463

The purpose of this bill is to authorize special purpose revenue bonds in the amount of \$15,000,000 to assist G.N. Wilcox Memorial Hospital in financing an expansion and renovation project including a 110-bed long-term care unit, consolidation and modernization of a utility building, expansion and modernization of a kitchen and cafeteria, and remodeling of same day surgery and diagnostic imaging services areas.

Your Committee received testimony from G.N. Wilcox Memorial Hospital and the Healthcare Association of Hawaii and finds that G.N. Wilcox Memorial Hospital is a not-for-profit corporation that provides health care facilities to the general public and is therefore eligible for financial support by means of special purpose revenue bonds issued pursuant to chapter 39A, part II, Hawaii Revised Statutes.

Your Committee further finds that this measure will improve the ability of G.N. Wilcox Memorial Hospital to provide a full range of needed medical and health related services to the people of Kauai and is expected to save the community \$6 million over the twenty-five year life of the project.

Your Committee has amended the bill by clarifying that the bonds are intended for G.N. Wilcox Memorial Hospital or G.N. Wilcox Health Center Properties, both of which are expending agencies of the same organization, and by adding a new Section 4 authorizing the Department of Budget and Finance to issue refunding special purpose revenue bonds.

Your Committee has also amended the bill by correcting the spelling of the word "diagnostic" on page 1, line 15.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 463, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 463, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 865 Agriculture, Energy and Ocean Resources on H.B. No. 14

The purpose of this bill is to appropriate funds for fiscal year 1987-1988 for research and development of sugar, and alternate crops and by-products.

The bill requires a dollar for dollar matching contribution from the Hawaiian Sugar Planters' Association (HSPA) and designates the Governor's Agriculture Coordinating Committee (GACC) as the expending agency.

Your Committee heard testimony from the Acting Chairperson of the GACC and the Dean of the College of Tropical Agriculture and Human Resources that the future of the sugar industry is dependent on continuing the research effort that has brought the industry to its present high level of efficiency.

Testimony from the HSPA reveals that the industry has made excellent progress in recent years in increasing sugar yields and in reducing costs. Sugar yield per acre increased 13.3 percent from 1982 to 1986. Although acreage harvested declined during this period, the increase in yield resulted in a net increase in total sugar production. Production costs declined from 17.72 cents per pound in 1982 to 15.02 cents per pound in 1986. These improvements were made possible through the research jointly funded by the industry and state government.

Your Committee has amended this bill by reducing the funding provision for research on alternate crops and by-products from \$500,000 to \$250,000; changing "\$2 million" to "\$2,000,000" on page 1 line 16; and changing the effective date from "upon approval" to "July 1, 1987."

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 14, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 14, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 866 Agriculture, Energy and Ocean Resources on H.B. No. 461

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist Island Power Company in the construction and operation of the Upper Wailua Hydroelectric Project and related facilities on the Wailua River in Kauai County.

Assistance to this project is in keeping with the State's goal of energy self-sufficiency as it would help reduce Hawaii's dependency on imported petroleum. Hydroelectric powered generation provides an excellent source of constant, dependable power.

Your Committee received testimony from the Kauai Electric Company, the Department of Planning and Economic Development, and Bingham Engineering (one of the project's developers) in support of this bill.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 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. 867 Agriculture, Energy and Ocean Resources on H.B. No. 578

The purpose of this bill is to authorize the issuance of special purpose revenue bonds in a total amount not to exceed \$20,000,000 to assist Island Power Company in the construction and operation of a hydroelectric power plant and related facilities on the Honolii Stream in Hawaii County.

Assistance to this project is consistent with the State's goal of energy self-sufficiency as it would reduce Hawaii's dependency on imported petroleum. Hydroelectric generated power provides an excellent source of constant, dependable energy.

Your Committee received testimony in support of this bill from the Department of Planning

and Economic Development and Bingham Engineering (one of the project's developers).

Your Committee has amended the bill by making technical changes which have no substantive effect.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 578, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 578, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 868 Agriculture, Energy and Ocean Resources on H.B. No. 586

The purpose of this bill is to establish a revolving fund for the University of Hawaii algal mass culture facility at Snug Harbor, Oahu.

This bill also provides that monies from the sale of algae cultured at the facility are to be deposited into this account, to be used to support aquaculture research, services and supplies related thereto, and sets a limit of two hundred pounds per week as to the amount of algae which can be sold.

The algae culture facility at Snug Harbor has been utilized since 1980 by the University of Hawaii for research on the intensive raceway culture of single-celled algae for production of oil to be used as energy. The facility is also being used to experimentally culture "ogo," a popular local seaweed. The establishment of a revolving fund would maintain the algal research activities at the Snug Harbor facility.

Your Committee has amended the bill by underscoring the section number on page 1, line 4, double underscoring the title of the section, adding a semi-colon after the word "Oahu" on page 1, line 5, and deleting the word "[limu]" on page 1, line 9 to conform to recommended drafting style.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 586, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 586, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 869 Agriculture, Energy and Ocean Resources on H.B. No. 733

The purpose of this bill is to appropriate \$28,000 to continue the maintenance of the Hawaii pesticides information retrieval system by the cooperative extension service of the college of tropical agriculture and human resources.

The Hawaii pesticides information retrieval system is designed to provide specific pesticide registration information indexed by individual commodities to be used by farmers, growers, extension personnel and regulatory agencies. The data base information from the system enables users to determine in a timely fashion what pesticides are allowed on a particular pest and site in Hawaii.

This appropriation would expand the system to include pesticide use for industrial, homeowner and structural pest control activities, and would keep the data base information up-to-date.

Your Committee received testimony from the Governor's Agriculture Coordinating Committee, the Department of Agriculture, the University of Hawaii College of Tropical Agriculture and Human Resources, the Hawaii Farm Bureau Federation, the Office of Environmental Quality, and the Board of Water Supply of the City and County of Honolulu in support of this bill. The testimonies indicated that this is a critical matter which should be seriously considered.

Your Committee on Agriculture, Energy and Ocean 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. 870 Agriculture, Energy and Ocean Resources on H.B. No. 1128

The purpose of this bill is to appropriate \$120,608 for the fiscal biennium 1987-1989, to continue the efforts to decrease the incidence of burnt tuna syndrome (BTS) and expand extension work throughout the State to reduce BTS.

Your Committee heard the Senate companion, S.B. No. 946, at which time the department of land and natural resources testified that BTS is a major impediment to the expansion and full development of the fresh tuna industry. The estimated revenue loss to industry and State as a result of BTS is around \$1.4 million annually.

Your Committee received testimony from the Department of Land and Natural Resources, the Department of Planning and Economic Development, and the University of Hawaii College of Tropical Agriculture and Human Resources in support of this bill. Your Committee notes that funds have been appropriated in H.B. No. 2 to address this concern.

Your Committee has amended the bill by deleting the underscore and language in brackets to conform to recommended drafting style.

Your Committee on Agriculture Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 1128, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1128, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 871 Agriculture, Energy and Ocean Resources on H.B. No. 1131

The purpose of this bill is to appropriate \$100,000 for the fiscal year 1987-1988, for the development of a promotional and marketing plan to stimulate national and international interest in fresh seafood from Hawaii.

The director of the department of planning and economic development testified that a plan to promote seafood would provide a framework for promotional efforts that the department is currently undertaking, such as the preparation of a seafood buyer's guide to acquaint local and Mainland wholesalers with Hawaii's seafood.

Your Committee also received testimony from the Hawaii Seafood promotion committee in support of this bill. Your Committee notes that funds have been appropriated in H.B. No. 2 to address this concern.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 1131 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. 872 Agriculture, Energy and Ocean Resources on H.B. No. 1312

The purpose of this bill is to amend section 164-1, Hawaii Revised Statutes, to allow the salary of the special assistant to the Governor for agriculture, who serves as the chairperson of the governor's agriculture coordinating committee, to be fixed by the Governor rather than by statute.

Currently, section 164-1, HRS, fixes the salary of the assistant for agriculture at \$36,026 a year. Your Committee finds that because the position is that of a special assistant to the Governor, the Governor has a large measure of discretion in assigning functions and duties to the position and should be afforded flexibility in setting the salary.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 1312 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. 873 (Joint) Agriculture, Energy and Ocean Resources and Housing, Hawaiian Programs and Natural Resources on H.B. No. 35

The purpose of this bill is to enact a state water code to implement Article XI, section 7, of the Hawaii constitution.

Although the substance of the Water Code contained in H.B. No. 35, H.D. 1, is very similar to

the Senate version of the Water Code, your Committees have substituted the language of S.B. No. 1307, S.D. 2, as being preferable, with the following modifications to the Senate language:

- (1) By inserting into the Findings section, a recognition of the contribution of the late Richard A. Kawakami, Speaker of the House of Representatives of the Fourteenth Legislature, State of Hawaii, in laying the basic foundation for this Water Code. In typically self-effacing and quiet fashion, Speaker Kawakami set down the concepts for a water code many years ago, nurtured it through the years of the 1978 Constitutional Convention and the Legislature's Advisory Study Commission, and was a prime mover when this session started to effect an immediate enactment of a Water Code before his untimely death. The Legislature would be remiss if it did not publicly acknowledge the role of this wise and good lawmaker.
- (2) By deleting the reference to atmosphere in the definition of "water".
- (3) By adding to the section delineating the scope of the Water Code, a statement that nothing in the Code shall restrict the counties' planning or zoning power.
- (4) With reference to the general powers and duties of the board:
 - (a) By qualifying its power to enter upon property to conduct investigations and studies, and to enforce the Code, by requiring prior consent of the owner and failing this, to give reasonable prior notice before entry;
 - (b) By deleting all references to activities on weather modification;
 - (c) By excepting the role of the department of planning and economic development in the coastal zone management program from the preemptive role of the board with respect to the waters of the State.
- (5) By clarifying the experience requirement of the members of the advisory commission on water resource management that it be substantial and that it be in the area of water resources management.
- (6) By designating the county mayor as the appropriate official in the following instances:
 - (a) To designate the county representative to sit as a nonvoting member of the board in proceedings concerning the water resources of a particular county;
 - (b) To be consulted with by the chairperson of the board prior to making a recommendation on the designation of a water management area;
 - (c) To be given notice along with the water board when there is an application for a permit application under part III; and
 - (d) To be consulted with by the board prior to its setting an instream flow standard.
- (7) By clarifying that the criteria for surface water designation are in the alternative.
- (8) By specifying that proper standing is required of a person who petitions the board for modification of the boundaries or rescinding existing water management areas or to establish interim instream flow standards.
- (9) By clarifying that the right of any injured party is not barred by this chapter with respect to violators thereof rather than against a water user for actions in violation of this chapter.
- (10) By requiring reporting requirements to be reasonable with respect to reports of water use and registration of stream diversion works.
- (11) By modifying one of the conditions for a permit under part III that the applicant establish that the proposed use of water be consistent with state and county general plans and land use designations rather than policies, and by adding a further condition that the use be consistent with county land use plans and policies.
- (12) By deleting the conclusiveness of the presumption if a person fails to apply for a permit to continue an existing use with one year after rules are adopted to implement this chapter.
- (13) By deleting the qualification that the quantity of water requested in a permit to

continue an existing use be for the quantity actually being consumed.

- (14) By substituting for the term "minimum streamflow" the phrase "instream flow standards established under part V" as one of the criteria by which competing existing uses of water are deemed to occur.
- (15) By replacing the condition favoring a permit user of water with a continuous reduced water usage to reobtain prior levels of water usage by a requirement that the water use be reasonable and beneficial rather than remain the same.
- (16) By clarifying the actions of the board in the case of competing applications that first the board shall seek to allocate water in such a manner as to accommodate both applications, if possible; and second, if mutual sharing is not possible, then the board to approve that which will best serve the public interest.
- (17) By deleting the language relating to the sale of water in the section dealing with transfer of permit.
- (18) By clarifying the language referring to appurtenant rights and riparian or correlative uses.
- (19) By adding a provision stating that projects which have commenced construction or projects reviewed and approved by the appropriate federal, state, or county agency prior to the effective date of this chapter shall not be affected by part V.
- (20) By clarifying that the guidelines established by the board for processing and considering applications for stream channel alterations be consistent with the permit requirements for stream diversion works.
- (21) By deleting the required actions of the board after instream flow standards have been established relating to regulating stream channel alterations and regulating uses of lands and waters within state conservation districts.
- (22) By deleting the reference to the management of coastal waters as one of the items to be reviewed by the review commission on the State Water Code.

Your Committees on Agriculture, Energy and Ocean Resources and Housing, Hawaiian Programs and Natural Resources are in accord with the intent and purpose of H.B. No. 35, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 35, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees.

SCRep. 874 Health on H.B. No. 598

The purpose of this bill is to provide for a continuum of services to Hawaii's developmentally disabled and mentally retarded persons.

Under this bill, the State's responsibility for quality assurance, monitoring and evaluation, planning and reporting, provision of rights, delivery of services, formulation of service plans, and limitation of liability would all be placed under one system to be administered by the Department of Health.

Your Committee heard extensive testimony by public and private agencies and private citizens and finds that this bill represents landmark legislation in addressing the rights and needs of developmentally disabled and mentally retarded persons as well as their parents and guardians. Your Committee further finds that this bill will ensure the best possible use of state and federal funds by continuing the deinstitutionalization policy of the State for those who would thrive best in smaller, less restrictive environments. It will also clarify the responsibilities of the Department in providing for this population.

After full consideration, your Committee has amended the bill by generally rewriting and reorganizing the substance to emphasize that the continuum is intended for both developmentally disabled and mentally retarded individuals, and to clarify the role of the Department and the community in providing a full range of resources and services to the target group, including Waimano Training School and Hospital. It is the intention of your Committee to organize and approve a logical framework for delivery of services already provided by the Department and to authorize the Department to conduct activities and provide other services which it determines would be of benefit to the target group and which can be provided within available resources.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 598, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 598, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 875 Planning and Environment on H.B. No. 254

The purpose of this bill is to clarify the provisions on the mining and taking of sand, coral, and other marine deposits.

Specifically, this bill will: establish a one gallon limit for the taking of sand, coral or other beach materials for personal use from a public beach; allow State or county sand mining for replenishing public beaches; eliminate the environmental impact statement requirements for routine maintenance projects in which government agencies clear sand from mouths of drainage and stream channels; prohibit the taking of sand and other materials from the Hakipu'u sandbar area; and clarify the jurisdictional authority of the county governments within the shoreline setback area.

Your Committee received numerous testimonies. There are concerns regarding the shallow water reef-building stony corals which have come under heavy harvesting pressure in recent years. Coral reefs in many areas of the State have become seriously depleted and damaged due to uncontrolled coral exploitation for commercial sale or souvenir collecting.

Your Committee finds that this bill will provide the State with the means to protect and manage Hawaii's shallow water coral reef which is an important part in maintaining the ecological stability of Hawaii's coastal and marine environment.

Your Committee has amended the bill by deleting the word "Section" on page 4, line 1, and inserted the word "Chapter" in its place, and further amended the bill by making technical changes which have no substantive effect.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 254, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 254, H.D. 1, S.D. 1, and be referred to the Committee on Agriculture, Energy and Ocean Resources.

Signed by all members of the Committee.

SCRep. 876 Planning and Environment on H.B. No. 654

The purpose of this bill is to amend the current State Natural Area Reserves statute, to establish more specific guidelines for the creation and management of Natural Area Reserves (NAR).

Your Committee finds that the State has established the State NAR System to protect important natural areas within the vast inventory of state lands. Presently, the reserve system encompasses 108,000 acres of state lands in 18 established reserves throughout the islands. These reserves protect thousands of uniquely Hawaiian species, provide ideal sites for research and outdoor education and, in many cases, guard vital watershed lands.

Your Committee further finds that most of these valuable areas are now suffering from serious management problems which threaten to permanently destroy or degrade the resources. Without proper management, the high quality ecosystems which qualified as Natural Area Reserves initially will be degraded by invasions of alien plants, by foraging of both domestic and feral animals, and by the activities of humans.

This bill would assist the Department of Land and Natural Resources (DLNR) to realize the initial vision of the legislature. It provides the DLNR with broader powers under which to acquire and manage reserves, including the use of more innovative methods, such as private/public joint efforts and conservation easements, in order to foster increased cooperation with outside organizations in the identification, acquisition and management of reserves. The bill also requires the DLNR not to alienate any natural area reserve except to another public use which it finds is an imperative and unavoidable public necessity, and to prepare a comprehensive Reserves System Management Plan to accomplish the purposes of chapter 195.

Your Committee has amended the bill to provide the Natural Area Reserve System Commission with more authority in the selection, management, and protection of natural area reserves, and to clarify the roles of the Commission and the DLNR. Specifically, the proposed

paragraph (4) of section 3 of the bill on page 3, paragraphs (1) and (4) of section 5 of the bill on page 5, and the proposed paragraph (8) of section 5 of the bill on page 6 were amended or deleted accordingly. Your Committee has also amended the bill by making technical changes which have no substantive effect.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 654, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 654, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 877 Planning and Environment on H.B. No. 1486

The purpose of this bill is to amend chapter 340E, Hawaii Revised Statutes, to include the provisions of the federal Safe Drinking Water Act.

Hawaii's drinking water is one of its most valuable assets. In recent years, there has been increasing public concern about contamination of our fresh water supply as trace samples of potentially lethal contaminants are detected in some of the wells which supply our people. It has become apparent that prior to public awareness of the problem, significant amounts of toxic chemicals were discarded without plan or regard for future consequences, and some of these substances have made their way into our water systems, albeit in amounts which, to date, present no measurable danger to consumers.

However, the potential dangers of water contamination have become a very real issue which affects all of our people, and your Committee shares the public concern and commends the efforts of the federal government, scientists, environmentalists, and concerned citizens to put an end to water pollution once and for all. This bill would provide very strict prohibitions and penalties for tampering with a water system or allowing dangerous substances to enter a water system, and is therefore a significant step towards the goal of ensuring that our drinking water is fresh and wholesome.

Specifically, the bill would provide civil fines of up to \$50,000 for tampering, attempting to tamper, or threatening to tamper with a public water system, and a civil penalty of up to \$25,000 for contaminating water with lead contained in construction materials. Criminal penalties of imprisonment and substantial fines are also provided for in the bill. In addition, the bill contains strict provisions requiring notification of the public of contamination and authorizing remedies by which the director of health may require the person who contaminates the water to provide an alternate supply. The Director would have the power to enter and inspect any facility of a supplier of water to determine whether such supplier is complying with the law.

Your Committee upon consideration of this bill and the companion bill, S.B. No. 324, finds that this bill represents a major step towards insuring the safety and quality of our precious fresh water supply and urges its adoption.

Your Committee has amended the bill by making changes for the purpose of style, clarity and format, all of which have no substantive effect.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 1486, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1486, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 878 Housing, Hawaiian Programs and Natural Resources on H.B. No. 1841

The purpose of this bill is to provide for a second deputy in the Department of Land and Natural Resources.

Your Committee finds that optimum development and protection of the State's lands, waters, and flora and fauna are requiring greater time and effort by the Department since its reorganization in 1962. With Hawaii's rapid growth, the duties of the Department have been greatly expanded with new requirements and responsibilities.

Your Committee finds that a second deputy will enable the Department to respond to its increased workload to better serve the State.

Your Committee has amended the bill by inserting a provision to repeal the proposed bill should a statewide water code be enacted, provided that the code includes a section dealing with an additional deputy within the Department of Land and Natural Resources.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 1841, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1841, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 879 Human Services on H.B. No. 853

The purpose of this bill is to lengthen the time period before a person convicted of the offense of abuse of family and household members may apply for an order to expunge the records.

Under the present law, a person convicted of the offense may apply for an expungement order one year after discharge of the proceedings. This bill will extend the time period to five years.

Your Committee heard testimonies in support of this measure from the Victim/Witness Kokua Services, Oahu Spouse Abuse Task Force and the Waikiki Community Center. All persons who testified felt the present time period of one year was too short a time period since most individuals convicted of the offense have a history of such behavior. Also, the short time period has resulted in habitual offenders receiving lenient sentences because record of past offenses were expunged.

Your Committee finds that the five year period would cover a crucial period in which reabuse is frequent and would also provide needed information regarding the defendant's history of domestic violence.

Your Committee has amended the bill by making nonsubstantive changes for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 853, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 853, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 880 Human Services on H.B. No. 1331

The purpose of this bill is to require the Child Support Enforcement Agency to maintain a special account for child support funds.

Under current law, a state officer or employee who receives child support payments must deposit the moneys in the state treasury. The use of this process entails delays in the disbursement of child support payments and could possibly generate law suits by custodial parents who do not receive their support payments in a timely manner.

Your Committee received testimony from the Department of Social Services and concurs with their recommendation that child support moneys be deposited in an interest bearing account and the interest be applied toward administrative costs. Your Committee, therefore, has amended the bill accordingly.

Your Committee finds that this bill will make it possible for the Child Support Enforcement Agency to provide timely service to the thousands of individuals receiving court ordered child support payments.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1331, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1331, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 881 Human Services on H.B. No. 352

The purpose of this bill is to appropriate the sum of \$100,000 for the purpose of developing a pilot program that would provide counseling and referral services to assist State residents of all ages to locate affordable housing and match these residents with elderly residents in need of

in-home assistance.

Currently, the island of Oahu suffers from a severe lack of affordable rental housing and many single parent families have particular problems finding affordable units. At the same time, the elderly in Hawaii are the fastest growing segment of the population, whose primary wish is to remain in their own homes and to be independent.

This bill would assist all residents in their search for affordable housing and would also prevent the premature institutionalization of older people who cannot sustain themselves in the community without the social support of people in the home.

Your Committee, upon consideration of all testimonies, finds that there is a need for affordable low cost housing alternatives and approves the appropriation of \$100,000 for fiscal year 1987-1988 to be expended by the executive office on aging.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 352, 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. 882 Human Services on H.B. No. 1555

The purpose of this bill is to place the Commission on the Status of Women in the governor's office and to provide additional funds for the Commission.

Your Committee heard the companion bill, S.B. No. 1460, and believes that the Commission on the Status of Women should remain within the Department of Social Services and Housing and not be placed in the governor's office. The bill has been amended accordingly and, as amended, this bill only provides additional funds for the Commission.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1555, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1555, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 883 Human Services on H.B. No. 1053

The purpose of this bill is to increase the maximum basic needs allowance (BNA) which the Department of Social Services and Housing shall pay to its recipients.

Presently, welfare benefits are well below the poverty level, and are clearly inadequate to meet actual recipient needs. An increase in the welfare standard is appropriate because of the rising cost of living since 1978.

Your Committee heard numerous testimonies, all of which were in support of this bill.

Your Committee finds that an increase in BNA would allow welfare recipients to be able to utilize this assistance for its intended purpose of maintaining an income for basic needs.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1053, 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. 884 Human Services on H.B. No. 1600

The purpose of this bill is to revise reimbursement rates to non-institutional health care providers based on the current profile of usual and customary fees.

This bill clarifies the formula used for reimbursement rates to Medicaid providers by specifying that the rate of payment shall be based upon use the most current profile of usual and customary fees and the percentage of that profile in proportion to the funds appropriated. At the present time, the Medicaid program is using the 1979 profile and providing reimbursement equal to 79.5% of the 75th percentile.

Your Committee received numerous supporting testimonies and finds that the use of the

current profile will enable legislators, the Medicaid administration, and physicians to more correctly interpret the level of reimbursement to Medicaid providers. Your Committee further finds that increases in Medicaid payments are needed to encourage more providers to serve patients with Medicaid coverage.

Your Committee has amended the bill to delete the proposed repeal of the last paragraph of section 346-59(b) which requires the appropriation act to indicate the profile used as the basis of the appropriation for each fiscal year. Instead, the provision has been amended to require the appropriation act to indicate the percentage, rather than the profile, used as the basis for the appropriation act.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1600, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1600, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 885 Human Services on H.B. No. 233

The purpose of this bill is to amend Section 349C-4, Hawaii Revised Statutes, to provide immunity from civil liability for Department of Social Services and Housing workers who in the course of their duties respond to the needs of elderly persons who have been abused or neglected.

Your Committee finds from testimony presented that the intent of this bill is similar to Act 229 of 1986 which provided the same type of protection as suggested here for Department of Social Services and Housing workers who respond to the needs of abused children. Adult Protective Service workers, like Child Protective Service workers, are frequently required to make important decisions within a very short time frame for the protection and in the interest of abused, neglected or financially exploited elderly persons. As they are required to make critical decisions that entail a degree of personal risk, it is essential for the morale and well being of these workers that they be assured of a certain basic level of protection so that they may perform their duties without fear of retaliatory prosecution.

Your Committee received testimony from the Attorney General's Office and finds that this bill confers "absolute immunity," and that an Adult Protective Service worker need not prove that he did not act intentionally, in a grossly negligent manner, or in bad faith, in order to be protected from a lawsuit.

Your Committee supports absolute immunity for these workers, and believes that immunity is ineffective if the worker must be put on trial to prove that he was not "grossly negligent." While your committee does not believe that these workers should be granted a license to engage in misconduct, the internal disciplinary procedures of the Department of Social Services and Housing and the criminal justice system provide a better, and fairer procedure, because the sanction is placed in the hands of an impartial administrator or prosecutor. In contrast, a civil lawsuit can be filed by any private party, including one whose motive is harassment or retaliation.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 233 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. 886 Human Services on H.B. No. 26

The purpose of this bill is to establish a voluntary program for public assistance recipients which would provide career planning, job training, job placement, education, and support services.

This bill provides a much needed innovative initiative for assisting welfare recipients in becoming economically self-sufficient. Focus will be on the undereducated and unskilled who are motivated but are unable to compete in the labor market on their own without additional training and job placement services.

Your Committee received numerous testimonies, all of which were in strong support of this bill. Your Committee, upon review of this bill and all testimonies, finds that this bill will provide needed opportunities and alternatives to individuals who are recipients of our public assistance program as well as provide long term savings for our State.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 26, 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. 887 Human Services on H.B. No. 459

The purpose of this bill is to make substantive changes in the procedures for conducting investigations into allegations of provider fraud and abuse in the Hawaii Medical Assistance (Medicaid) program.

Specifically, this bill repeals subsections (b), (c), and (d) of section 346-40, Hawaii Revised Statutes (HRS), which requires providers to grant representatives of the Attorney General's office and the Department of Social Services and Housing (DSSH) access to their records and authorizes the DSSH to suspend payments to providers who do not keep adequate records or fail to make them available for inspection. Additionally, as of July 1, 1988, the bill repeals section 28-9, HRS, which establishes the Medicaid Fraud Unit in the Department of the Attorney General.

Your Committee finds that there is an apparent lack of due process and inadequate alternative remedies available regarding fraud prosecution initiated by the Medicaid Fraud Unit. Many of the problems that arise are apparently related to the complexity and vagueness of the Medicaid regulations or due to inadvertent clerical errors.

Your Committee also finds that a rigorous review of the Medicaid Fraud Unit's existing policies and methods of prosecution is in order. Your Committee believes that such a review can be completed and new policies and procedures implemented prior to July 1, 1988. Your Committee intends to review revisions made in this area during the next legislative session, and if appropriate review cannot be accomplished by the Unit, your Committee is prepared to terminate the Fraud Unit and transfer its functions to other existing offices established to handle criminal prosecution.

Your Committee has amended the bill by making technical, nonsubstantive changes.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 459, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 459, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 888 Human Services on H.B. No. 1079

The purpose of this bill is to provide the Child Support Enforcement Agency the authority to initiate an action to determine the paternity of a child.

Your Committee heard testimony from the Department of Social Services and Housing and finds that this bill clarifies the role of the Child Support Enforcement Agency in representing a child up to the age of 21 in matters of paternity. This bill gives clear authority to the Department of Social Services and Housing to function in this capacity.

Your Committee has amended the bill on page 1, line 17, and page 2, line 4, to correct typographical errors.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1079, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1079, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 889 Human Services on H.B. No. 210

The purpose of this bill is to compensate victims of certain crimes and providers of services under the Criminal Injuries Compensation Act and provide appropriations to replenish the fund from which payment of awards have already been made.

Your Committee finds that the appropriation of \$512,561.58 is consistent with, and necessary to accomplish the purposes of, the Criminal Injuries Compensation Act.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 210

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. 890 Human Services on H.B. No. 1514

The purpose of this bill is to make the shelter allowance set forth under the public assistance law flat amounts, instead of maximum amounts.

Under current law, the shelter allowance for public assistance recipients is based on family size and pays for actual shelter cost up to a maximum amount.

The flat grant standard provides for an equitable distribution of welfare benefits by establishing the same benefit amount for families of the same size. Further, it simplifies the eligibility process and reduces errors in determining the amount of the monthly payment, reduces monthly administrative staff time verifying actual amounts paid for rent and utilities, and promotes recipient's independence in budget planning and management. This bill also increases the shelter allowance by ten percent.

Your Committee finds that the shelter benefit for those receiving public assistance has remained unchanged for over ten years, even though inflation has risen at a rate of more than 40% during that same period.

This bill also repeals section 346-53(f), Hawaii Revised Statutes (HRS), concerning supplement payments under the Federal Supplemental Security Income program. Subsection (f) is in conflict with section 346-52, HRS, which permits aged, blind, and disabled Supplemental Security Income recipients, who meet state standards to apply for and receive public assistance benefits.

Your Committee has amended the bill by making nonsubstantive changes for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1514, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1514, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 891 Education on H.B. No. 273

The purpose of this bill is to protect educational workers against intimidation by creating a new section in Chapter 710, Hawaii Revised Statutes, (HRS), and by making this offense a class C felony.

Under current law, educational workers are required by section 296-71, HRS, to report certain suspected or actual violations of law to appropriate authorities. This obligation places the educational worker in a situation where physical attack and retaliation may occur as a result of the report.

This bill would serve as a deterrent to prevent the intimidation of educational workers.

Your Committee received favorable testimony from the Department of Education, Honolulu Police Department, and the Department of the Prosecuting Attorney and finds that this bill would provide a safe learning and working environment.

Your Committee has amended the bill to clarify the definition of "educational worker" and by making a technical change which has no substantive effect.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 273, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 273, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 892 Consumer Protection and Commerce on H.B. No. 8

The purpose of this bill is to establish a favorable tax rate for captive insurance companies.

A captive insurance company is a company formed under Chapter 431J, Hawaii Revised Statutes, which insures risks of its parent and affiliated companies.

The bill also requires such companies to maintain unimpaired paid-in capital of not less than \$100,000 for pure captive insurance companies and of not less than \$400,000 for association captive insurance companies incorporated as stock insurers. The bill further establishes a minimum free surplus for all captive insurance companies of not less than \$750,000, and appropriates \$50,000 for fiscal year 1987-1988 to be expended by the Department of Commerce and Consumer Affairs to effectuate the purposes of this measure.

In 1986 the Legislature passed Act 253 which provided for the licensure and operation of pure captive and association captive insurance companies in Hawaii, and appropriated \$42,500 to the Department of Commerce and Consumer Affairs for the employment of staff required to administer the provisions of the Act. In so doing, the Legislature recognized the many benefits to the State from the formation of captive insurance companies. Your Committee endorses that earlier legislative expression and concludes that the formation of captive insurance companies should be encouraged for the purpose of making Hawaii a more competitive environment for captive insurance companies and the benefits they offer.

The insurance commissioner expressed concern over the fact "that Section 431J-11 of the present captive insurance law severely restricts the ability of captives to provide reinsurance." He saw no need to limit the type of insurers to whom captives may offer reinsurance to those withdrawing from Hawaii, and recommended deletion of the phrase "as provided in section 431-109" from subsection 431J-11(a). Your Committee concurred and has amended the bill pursuant to the commissioner's recommendation, noting that subsection (b) of section 431-109 contains the safeguard provision that the commissioner may disapprove any insurer seeking to be reinsured by a captive company.

Your Committee inquired into the question of insolvency of a captive insurer and the effects thereof, for the matter had not been directly addressed in this bill. To insure the safety of those insured by captive companies, your Committee has amended the bill by incorporating by reference sections 431-651 through 431-686, on "Mergers, Rehabilitation, Liquidation." in this bill to provide proper safeguards against insolvent captive insurers.

As a further step to deal with the problem of insolvency, your Committee has amended the bill by creating a new section under chapter 431J which provides that in the event of an insolvency by a captive insurance company:

- (1) The assets of the company shall be used to offset claims arising from the insolvency;
- (2) The insurance commissioner is authorized to set a company's liability without regard for the value of the company's assets; and
- (3) The company's assets shall be held in a state financial institution which charges no service fees on checking accounts, excluding penalty fees for dishonored checks.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 8, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 8, 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 Chang, Kuroda, Matsuura and Nakasato.

SCRep. 893

Consumer Protection and Commerce on H.B. No. 62

The purpose of this bill is to transfer the theft of telecommunication or cable television services to the Hawaii Penal Code, consolidating this kind of theft with other statutory offenses relating to theft.

Specifically, the bill provides that cable television service fraud in the first degree shall be a class C felony; cable television service fraud in the second degree shall be a misdemeanor; telecommunication service fraud in the first degree is a class C felony; and telecommunication service fraud in the second degree is a misdemeanor. The bill also provides for forfeiture of telecommunication or cable service devices possessed or used in violation of the law, and repeals section 275-9, Hawaii Revised Statutes, relating to use, sale, or manufacturing of devices or equipment designed to fraudulently obtain telecommunications or cable services.

Your Committee finds that while most state or local jurisdictions still classify cable and telecommunication theft as a misdemeanor, the federal government provides a different

classification for those who unlawfully use or divert telecommunications or cable services for personal gain or commercial advantage. This bill places Hawaii's law in line with federal law and matches the crime with what your Committee considers to be the more appropriate punishment.

Your Committee has amended the bill by inserting the quotation mark on page 3, line 7, to conform with the proper Ramseyer format. The bill has been further amended on page 6 by deleting references to sections 708-840 to 708-843 in the proposed new section dealing with forfeiture of tele-communication and cable television service devices. The reference should be to the proposed new sections dealing with cable television and telecommunication service fraud and the proper reference to these sections have been inserted in place of the references mentioned above.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 62, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 62, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Chang, Kuroda, Matsuura and Nakasato.

SCRep. 894 Consumer Protection and Commerce on H.B. No. 81

The purpose of this bill was to delete the \$500 ceiling on liens placed on motor vehicles for work performed and materials furnished, and clarify that the registered owner is the owner for the purposes of Section 507-18, Hawaii Revised Statutes.

Your Committee received supporting testimony from the Hawaii Automotive and Retail Gasoline Dealers Association and from the Hawaii Business League which stated that this bill would clarify the existing ambiguous language in the statute. However, Clarence Taba, representing the Veteran's Club Federal Credit Union, testified that the amended language is still ambiguous concerning liens placed on outstanding storage charges for a motor vehicle and for notification of the legal owner when a lien is placed on the motor vehicle.

After consideration of all testimony, your Committee recognizes that additional language must be added to further clarify the intent of this bill. Therefore, your Committee has amended the bill by adding the words "excluding storage charges" between the words "furnished" and "and" on page 1, line 8.

The purpose of this amendment is to prohibit a lien from being placed on any storage charges a motor vehicle may incur while in the possession of the repairer. Your Committee believes that a lien should only be placed for unpaid work done or unpaid materials furnished.

Your Committee further believes that it is the duty and prerogative of the repairer to notify the legal owner that a lien has been placed on the motor vehicle and allow the legal owner to take possession of the vehicle after a reasonable time and once all charges for work done and materials furnished have been paid by the legal owner, except storage charges. It is the intent of your Committee not to legislate or mandate this as a requirement, but rather to have repairers of motor vehicles adopt this procedure as a standard business practice.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 81, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 81, H.D. 1, S.D.1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Chang, Kuroda, Matsuura and Nakasato.

SCRep. 895 Consumer Protection and Commerce on H.B. No. 583

The purpose of this bill was to require that every legislative measure proposing to mandate health insurance coverage for specific health services be accompanied by a report assessing the social and financial aspects of the proposed measure.

Over the years, various health care providers or proponents have introduced an increasing number of legislative proposals to mandate coverage of various services in health insurance or health plan contracts. This bill would provide for a systematic review of proposed mandatory health coverages, evaluating all ramifications of the proposed legislation, to assist legislators in determining whether mandating coverage of a particular health service is in the public's best interest. Your Committee finds that an independent review would be of particular utility in

instances where proponents and opponents of such legislation provide differing cost estimates of the proposed health insurance coverage.

Your Committee notes that the 1987 Legislature is considering several measures which would mandate new health insurance coverages. The measures include:

- (1) H.B. No. 178 and its companion S.B. No. 1112, which would mandate health insurance coverage for in vitro fertilization procedures on a one-time only basis;
- (2) S.B. No. 1173 and its companion H.B. No. 343, which would mandate health insurance coverage for chiropractic service; and
- (3) H.B. No. 885 and its companion S.B. No. 986, which would mandate health insurance coverage for alcohol and drug abuse and mental health treatment services.

In view of the potential social and financial impact of these measures on the consumer of this State, your Committee believes it appropriate to require that the three above-referenced measures and their companions undergo the "sunrise" review proposed in this bill. Furthermore, your Committee, mindful of the precedent which would be set by this bill, believes it reasonable and prudent to put the proposed review process through a "test-run" before the Legislature acts to codify the review process through inclusion in the statutes.

Accordingly, your Committee has amended the bill by deleting its substance and requiring instead that the Legislative Auditor review the social and financial impact of the three above-referenced measures and their companions. Your Committee recognizes that the 1987 Legislature is considering other measures which would expand health insurance coverage but finds that under the provisions of this bill as received by your Committee, only bills which mandate coverage, rather than provide for expanded optional coverage, would undergo the sunrise review. The Legislative Auditor is requested to present its findings to the Legislature no less than twenty days before the convening of the 1988 session.

Your Committee has further amended the bill by adding an appropriation to the Legislative Auditor's office for the purposes of implementing this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 583, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 583, 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 Chang, Kuroda, Matsuura and Nakasato.

SCRep. 896 Consumer Protection and Commerce on H.B. No. 736

The purpose of this bill was to establish a comprehensive regulating framework for permitting foreign banks to operate in Hawaii and a temporary commission that would develop and implement a promotional program encouraging foreign banks to establish offices here. The bill would also allow foreign banks to establish representative offices, non-depository agencies, and depository agencies that would be limited to accepting deposits from foreign sources.

Your Committee received favorable testimony from the Department of Planning and Economic Development (DPED) and the Department of Commerce and Consumer Affairs (DCCA). The DPED testified that the establishment of foreign banks would enhance economic activity and contribute further to the State's development as an international business center. The DCCA testified that the bill does not present an emerging threat to the interests of the general public or existing financial institutions and it would permit the State to take an important step toward greater foreign bank activity.

As set forth in the bill, all foreign banking entities doing business in Hawaii would be subject to the same state examination and supervision and regulatory restraints and burdens as are other state-chartered financial institutions. The DCCA further testified that foreign banks doing business in the State would be required to pledge "eligible assets" determined by the commission as a measure of protecting the local creditors and the public's interest.

Your Committee has amended the bill by deleting section 6 relating to the establishment of a commission for promoting foreign banking. The DPED believes it is itself capable of implementing a promotional program to encourage foreign banking activity in Hawaii. Your Committee has also amended the bill by changing the incorrect reference to section 403-68 on page 9, line 5, to section 403-8, Hawaii Revised Statutes. The purpose of this amendment is to empower the Insurance Commissioner to examine the records of foreign banks in the same

manner as domestic banks, and section 403-8 is the statute which enables the Insurance Commissioner to do so.

Your Committee has further amended the bill by appropriating \$100,000 to the DPED, rather than the Office of the Governor, for the purpose of promoting foreign banking in this State and by making technical changes which have no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 736, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 736, 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 Aki, Fernandes Salling, Kuroda and Nakasato.

SCRep. 897 Consumer Protection and Commerce on H.B. No. 1524

The purpose of this bill was to update and revise Hawaii's insurance laws.

In 1985, the legislature provided funds to the insurance commissioner for a comprehensive review of the insurance laws of the State. The report on that review, along with recommendations for revisions, was submitted to the legislature along with H.B. 410, which represents the complete revision of Hawaii's insurance laws.

This bill consisted of twenty-four sections which, if adopted, would be added to H.B. No. 410. The new sections were designated in accordance with the system utilized in the Uniform Commercial Code, Chapter 490, Hawaii Revised Statutes. These sections would authorize the establishment of a commissioner's education and training fund into which rate filing fees would be deposited and expended for staff education and training, and amend various requirements, rates, fees, and limits relating to capital deposits, investments, tax rates and tax credits, interest, premium rates, rate filing and rating plans, motorcycle and motorscooter policies, title insurance, guarantee funds, reinsurance reserves, and loss and expense reserves under the insurance law.

Your Committee has amended the bill by deleting its substance and substituting a provision that would require motor vehicle insurers to submit rate filings to the insurance commissioner at least thirty days before the proposed effective date of the filing.

In deleting the substance of the bill, your Committee does not intend to indicate disagreement with the contents. Rather, your Committee finds that maximizing the ostensible area of difference between the House and Senate drafts of the bill will allow for full consideration of the measure in conference.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1524, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1524, 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 Chang, Kuroda, Matsuura and Nakasato.

SCRep. 898 Consumer Protection and Commerce on H.B. No. 441

The purpose of this bill was to authorize the establishment of rating organizations to provide insurance rating information for workers' compensation insurance, and to make clear that existing casualty rating laws are not superseded by this bill. It further clarifies existing laws on casualty rating by emphasizing that they will apply to workers' compensation rating organizations unless otherwise provided by this bill.

Your Committee considered testimony from spokesmen for labor interests, who favored the bill, citing a need for current, reliable rating data. Representatives of the insurance community and the Chamber of Commerce of Hawaii opposed the bill on grounds that it is unnecessary and would, if adopted, constitute a wasteful duplication of services already available.

Upon review of the testimony and the bill, your Committee concluded that the appropriate action is to restructure the bill and provide for a business advocate to replace the workers' compensation rating organization as proposed. Accordingly, the bill has been amended for that purpose.

Your Committee has also amended the bill by providing an appropriation to the Department of Budget and Finance to carry out the purposes of the bill as amended, including the hiring of necessary staff.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 441, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 441, 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 Chang, B. Kobayashi, Kuroda and Nakasato.

SCRep. 899 Judiciary on H.B. No. 49

The purpose of this bill is to appropriate funds to the programs of the Judiciary for the 1987-1989 fiscal biennium.

On March 2, 1987, your Committee reported out S.B. 3, S.D. 1. At that time, based on your Committee's review and determination as to requirements of the Judiciary, the Judiciary's operating and capital improvements budgets were significantly reduced. H.B. 49, H.D. 1 reflects similar concerns regarding the lack of financial discipline on the part of the Judiciary. Accordingly, H.B. 49, H.D. 1 reflects budget cuts of similar magnitude to that in S.B. 3, S.D. 1.

Your Committee is gratified that the House position on the Judiciary budget reflects that in S.B. 3, S.D. 1. Clearly both houses recognize the need to impose financial discipline on the Judiciary. The remarkable consistency between the House and the Senate, vis a vis the Judiciary budget, can be seen by the cuts made to the extravagant requests of the Judiciary for this biennium. For example, as shown below in FY 88, the difference between the House and the Senate amounts to only \$872,000 even though both houses reduced the Judiciary budget request by over \$7.5 million.

	<u>Judiciary Request</u>	<u>H.B. 49, H.D.1</u>	<u>H.B. 49, S.D.1</u>
<u>FY 88</u>			
Positions	1624	1464	1377.5
Operating	\$60,767,160	53,125,465	52,253,091

In FY 89, the Judiciary sought to obtain 108 more new positions, for a total of 1,732 positions, and total operating funds of \$60,536,229. As shown below, both houses again significantly reduced the Judiciary's budget request.

	<u>Judiciary Request</u>	<u>H.B. 49, H.D.1</u>	<u>H.B. 49, S.D.1</u>
<u>FY 89</u>			
Positions	1732	1464	1402
Operating	\$60,536,229	54,012,303	52,659,945

The message should be clear to the Judiciary that despite their important and almost exalted role in our system of government, both houses will not tolerate unjustified requests for public funds.

As noted above, your Committee on Judiciary, based on further investigation into the budget of the Judiciary has amended S.B. 49, H.D. 1 to reflect the concerns expressed in S.B. 3, S.D. 1, as well as to account for the transfer of the adult probation office to the proposed Department of Corrections.

In the area of capital improvements projects, your Committee amended H.B. 49, H.D. 1 to reflect the approach to capital improvements project set forth in S.B. 3, S.D. 1. Unlike their approach to the operating budget, the House appears to take a less forceful approach to the even more obvious deficiencies in the Judiciary's budget request for capital improvements projects. Thus, the House reduced the Judiciary's capital improvement project budget request from \$9.8 million in FY 88 to \$1.9 million. In contrast, the Senate's position is to reduce it to \$529,000. In FY 89, the Judiciary's budget request of \$57.6 million was reduced by the House to \$14.2 million whereas the Senate reduced it to \$435,000.

Your Committee has had further opportunity to review the Judiciary's capital improvements project budget request, and is even more convinced that the Hilo Judiciary Complex can only be characterized as a "monument to opulence". Furthermore, the Family Court Center now estimated to cost over \$65 million testifies to the monument building obsession of the Judiciary.

Your Committee believes that it is imperative that the Legislature take the steps necessary to convince the Judiciary, in the interest of its own integrity and independence, that the Judiciary observe the financial discipline that is now sorely lacking.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 49, H.D. 1, as amended herein, and recommends that it pass Second Reading in the format attached hereto as H.B., 49, 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 Menor, Kuroda and Solomon.

SCRep. 900 Judiciary on H.B. No. 581

The purpose of this bill is to establish a three-year pilot program in the Office of Narcotics Enforcement of the Department of Health.

Your Committee on Judiciary has amended the bill to transfer the Office of Narcotics Enforcement (ONE), currently in the Department of Health to the Department of the Attorney General. ONE is charged with enforcing the requirements of Chapter 329, the Uniform Controlled Substances Act. Your Committee believes the enforcement function more properly belongs with the State's chief law enforcement officer, the Attorney General.

Your Committee notes that Chapter 329, Uniform Controlled Substance Act, was established pursuant to Act 10, Session Laws of Hawaii 1972. As part of this legislation, the Director of Health was authorized to designate enforcement officers or employees to investigate and enforce any violation of the Uniform Controlled Substance Act. Thus, ONE was intended to be limited to enforcement of the Uniform Controlled Substance Act. Then in 1979, Act 194, Session Laws of Hawaii 1979, significantly expanded the enforcement role of ONE by authorizing ONE to make arrests for offenses under part IV of Chapter 712 of the penal code relating to drugs and intoxicating compounds. This created overlapping functions with the Honolulu Police Department, and other county law enforcement agencies.

ONE is currently staffed with nine agents, one supervisor and two clerical workers. As originally drafted, this bill would have significantly expanded ONE's police-like activities. Thus, the bill originally sought an appropriation of \$487,106, for fiscal years 1987-1989, which included salaries for six additional agents, weapons, radios, surveillance equipment, office furniture, and other equipment for those agents.

Your Committee has previously heard concerns expressed regarding the growth of police-like units scattered throughout State government. Conferences with Attorney General Warren Price, Major Frank Sua of the Honolulu Police Department Narcotics Division, and the Director of Health Dr. John C. Lewin regarding the proposed bill, revealed further concerns about conflict which has already arisen between the Honolulu Police Department and the Department of Health over the enforcement of drug laws.

Accordingly, this bill was amended to move the enforcement personnel and powers established under Chapter 329 from the Department of Health to the Department of the Attorney General. It is clear that as a matter of policy, state law enforcement personnel should be placed under the supervision of the Attorney General, who is the chief law enforcement officer of the State. This policy is concurred with by the Attorney General and the Director of Health.

In addition, this bill was amended to remove ONE's authority to make arrests for offenses under part IV of Chapter 712 of the penal code. This amendment will return ONE's role to the original intent of Act 10, Session Laws of Hawaii 1972, the Uniform Controlled Substances Act. This change will clear up conflicting lines of responsibility between ONE and the county law enforcement agencies in the enforcement of drug laws. ONE's current authority to enforce the penal code drug laws has allowed the unit to investigate "street crimes", which conflicts with county law enforcement operations. Your Committee's intent is to remove the potential for conflict which can hamper effective drug enforcement efforts.

This bill was also amended by making an appropriation of \$300,000 to the Office of the Attorney General for the purpose of investigation and enforcement of drug offenses. This appropriation is not intended to be used for current or on-going appropriations for ONE, but for additional drug control efforts. Your Committee's intent, and the Attorney General has agreed, is that these funds will be used to supplement drug enforcement efforts of the county drug

enforcement agencies. The Attorney General will develop guidelines and standards which will be used to allocate the funds, and report to the 1988 Legislature on the guidelines and the manner in which the funds have been apportioned.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 581, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 581, 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 Kuroda.

SCRep. 901 Planning and Environment on H.B. No. 652

The purpose of this bill is to establish minimum standards regulating the transporting, recycling and disposing of used oil.

Specifically, this bill provides "prohibited acts" regarding the disposition of used oil; requires proper identification of used oil transport vehicles; requires adequate record keeping by used oil transporters; establishes fees for permits; provides inspection provisions by the DOH; requires cooperation among affected state agencies; provides rule making authority for the Director of DOH; provides a penalty section; and appropriates \$60,000 to effectuate the purpose of this bill.

Your Committee finds that in 1986 over five million gallons of lubricating oil was brought into the State excluding that which was used by the military. In the same year roughly 400,000 gallons of used oil was reprocessed for use as an industrial fuel, indicating that millions of gallons of used oil was disposed of illegally. This indiscriminate dumping of used oil not only results in a loss to the State of a valuable energy resource but also poses a serious environmental threat.

It was for these reasons that the Department of Planning and Economic Development (DPED), with the Department of Health (DOH) and the Office of Environmental Quality Control, recently formed a State Used Oil Advisory Committee consisting of representatives from these agencies and a cross section of private sector representatives. The purpose of the committee is to provide input into the formation of a Used Oil Recycling Program. The Hawaii Automotive and Retail Gasoline Dealers Association (HARGD) has taken the lead in this effort and has been awarded a grant through DPED to implement this program which will provide a viable and cost effective approach to stimulating used oil recycling. This bill, together with the Used Oil Recycling Program will serve to increase the proper disposal of used oil in Hawaii.

Your Committee received favorable testimony from various organizations including Kauai Electric Company and the Hawaiian Sugar Planters Association. These companies were concerned with the effect that the bill might have on their present process of recycling used oil as a fuel for industrial boilers. Your Committee supports this recycling technique and has therefore amended the bill to exempt such companies from this measure.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 652, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 652, 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 Menor and Solomon.

SCRep. 902 Planning and Environment on H.B. No. 735

The purpose of this bill is to appropriate funds for fiscal year 1988-1989 for the establishment of a natural area reserve fund for the heritage program provided that the funds shall only be made available to the extent of \$2 for every \$1 provided by private sources.

Presently, there is no comprehensive, accessible source of rare species and ecosystem data for Hawaii. The Hawaii Heritage Program is assembling and maintaining a computerized data base of this information to assist land use planning in our State and to facilitate the identification of natural areas deserving protection. With adequate support from public and private users, a mature Heritage data base will serve several key purposes to economic growth in the islands. The data base could be utilized to avoid natural resource conflicts and facilitate environmental review as well as contribute to cost-effective cooperation.

Your Committee, upon consideration of this bill and the review of testimonies heard from the companion bill, S.B. No. 534, believes that this bill should include the definition of the "heritage program" and has amended the bill accordingly.

In addition, your Committee further amended the bill by deleting the \$2 appropriation and

adding \$125,000 for fiscal years 1987-1988 and 1988-1989 in paragraph (1) and deleting the content of paragraph (2) in section 2, as your Committee determined that one fund would be adequate for the purpose of this bill.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 735, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 735, 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 Menor and Solomon.

SCRep. 903 Labor and Employment on H.B. No. 453

The purpose of this bill is to amend the definition of "firefighter" in Section 88-21, Hawaii Revised Statutes (HRS), to include employees of the Department of Transportation who were assigned duties at State airports prior to June 3, 1978.

According to the Department of Transportation, prior to establishing State firefighters at the airports in the mid-1970s, certain employees of the Department were assigned firefighter's duties in addition to their regular assignment and were paid a \$25 per month differential (Section 261-18, HRS) for this responsibility. This bill would extend the retirement benefits currently available to State or County firefighters to such employees.

Your Committee has amended this bill to include an amendment to Section 88-84, Hawaii Revised Statutes, to provide the beneficiary of a state or county employee, the option to choose to receive a monthly retirement allowance under Option 2 as provided under Section 88-83, Hawaii Revised Statutes. Your Committee finds that providing Option 2 as an alternative to the member's beneficiary, would provide a more viable alternative to Option 3 which is presently provided for in Section 88-84, Hawaii Revised Statutes.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 453, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 453, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 904 Labor and Employment on H.B. No. 706

The purpose of this bill is to increase the present minimum hourly wage from \$3.35 per hour to \$3.85 per hour beginning July 1, 1987, and to increase the minimum wage by five percent per year for each of the succeeding three fiscal years.

Your Committee recognizes that Congress is currently considering the amendment of the current Fair Labor Standards Act (FLSA) and that any increase would cause the minimum wage in Hawaii to be over and above the present FLSA.

Your Committee also recognizes that a substantial increase would be extremely burdensome for some employers, and further finds that minimum wage increases have historically (1) been inflationary; (2) reduced entry level job opportunities; (3) resulted in decreased services to consumers; and (4) contributed to overall wage inflation by producing a "ripple effect" which increased wages across-the-board.

In view of the detrimental effects which a large increase in the minimum wage rate would have on employers, your Committee has amended the bill to provide a reasonable increase of \$.41 to \$3.76 per hour effective July 1, 1988 and deleted the additional five percent per year increases for the succeeding fiscal years.

In order to mitigate the effects of the increase on employers, your Committee has further amended the bill to increase the tip credit for employers who employ tipped employees to forty percent below the applicable minimum wage in place of the present twenty cents below the minimum wage. This amendment will conform Hawaii law to federal law with respect to the tip credit. In addition, section 387-1, Hawaii Revised Statutes, has been amended to exclude full time students under the age of eighteen from the definition of "employee" under the Hawaii wage and hour law.

Your Committee believes that the bill, as amended, strikes a fair balance between the interests of employees and employers.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 706, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form

attached hereto as H.B. No. 706, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 905 Labor and Employment on H.B. No. 1062

The purpose of this bill is to allow the member's beneficiary to continue to receive the member's cumulative post retirement allowance after the member's death.

Under current law, when a contributory member retires and selects Option Two or Three, it provides the member's beneficiary with a percentage, 100% and 50% respectively, of the basic allowance being received by the retirant which does not include the post retirement allowance at the time of death.

Your Committee believes that the beneficiary of a member who was receiving post retirement allowances should be entitled to receive the same allowance after the member's death.

Your Committee has amended the bill to provide for the inclusion of cumulative post retirement allowances in the amounts payable to a non-contributory member's beneficiaries under section 88-283.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 1062, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1062, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 906 Labor and Employment on H.B. No. 1595

The purpose of this bill is to establish the investment yield rate at eight percent for fiscal year 1987-1988 and give the Board of Trustees of the Employees' Retirement System the authority to establish the investment yield rate and other factors for actuarial valuations of the system beginning in fiscal year 1988-1989 and thereafter.

At present, the Board is constrained by the language of section 88-122, Hawaii Revised Statutes, which specifies the basic funding objectives of long-term contribution rates by the employer as a level percentage of payroll.

Your Committee has reviewed and carefully considered testimony by the Employees' Retirement System and finds that in all other states the assumptions to be used in determining valuation for employer contributions are fixed by the Board of Trustees. This bill would give Hawaii's Board the discretion to take into account the direct relationship between the interest rate and future salary increases which are influenced by general economic conditions and the consumer price index.

Furthermore, after due consideration of the testimony by the Employees' Retirement System, your Committee finds that the earnings of the System have a direct relationship with the amount of contributions necessary to meet the requirements of the retirement system. Your Committee has therefore amended the bill to allow the System to retain fifty percent of the earnings above the investment rate to assure that the objectives of the System are met while reducing the volatility of future employer contributions.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 1595, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1595, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 907 (Joint) Labor and Employment and Business Development and Pacific Relations on H.B. No. 1500

The purpose of this bill is to establish a training program within the Department of Labor and Industrial Relations to provide pre-employment training or retraining of local workers to meet the specific needs of qualifying businesses in the State.

The establishment of the New Industry Training Program as provided by this bill, is consistent with the State's economic goal of diversification, in general, and high technology, in particular,

and will provide a strong incentive for businesses to relocate their operations to Hawaii or to expand existing operations within the State.

Your Committees find that only with an increase in the State's labor force of trained workers, can the State succeed in attracting new companies to the State's high technology parks. This bill would institute a training program to coincide with the opening of these facilities, thereby providing an inducement for businesses to relocate and hire local workers.

Representatives from the department of labor and industrial relations, the department of land and natural resources, the department of planning and economic development, the university of Hawaii community colleges system, and the high technology development corporation testified in support of this measure.

Although it was requested that the original appropriation of \$250,000 be restored in order to initiate and carry out the purposes of this bill, your Committees have retained the appropriation amount of \$1.

Your Committees have amended the bill by making nonsubstantive changes for the purposes of clarity and conformance with recommended drafting style.

Your Committees on Labor and Employment and Business Development and Pacific Relations are in accord with the intent and purpose of H.B. No. 1500, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1500, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senator Menor.

SCRep. 908 Military and Civil Defense on H.B. No. 945

The purpose of this bill is to appropriate funds for research and improvements to support and enhance the tsunami warning system.

The funds appropriated would be used to support activities such as:

- (1) Integrating, updating, and validating the previous research on hazard and inundation zones;
- (2) Expanding and maintaining the tsunami monitoring system;
- (3) Refining local predictive capability; and
- (4) Analyzing tsunami evacuation zones.

The director of the department of defense testified that the proposed long-range study to improve the predictability of a tsunami impact on Hawaii may take up to two or three years.

Your Committee, upon consideration, has amended the bill by appropriating \$22,000 to conduct a study to revise and update tsunami evacuation maps and routes of egress from threatened areas, provided that the four counties shall each provide matching funds in the amount of \$5,500.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of H.B. No. 945, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 945, 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 Kuroda.

SCRep. 909 Military and Civil Defense on H.B. No. 225

The purpose of this bill is to clarify the statutes relating to veterans cemeteries.

This bill provides for the establishment of a veterans cemetery on Oahu, places responsibility for the administration and maintenance of all State veterans cemeteries with the Department of Land and Natural Resources and appropriates \$1,000 for the establishment and development of a State Veterans Cemetery on Oahu.

Punchbowl, the only national cemetery for the Pacific Region, is reaching its capacity for casket burials and no new national cemeteries will be authorized in Hawaii under the current federal administration. Hawaii's veterans must therefore choose to be buried at either of the

two closest regional national cemeteries at Riverside, California or Willamette, Oregon, or be buried at a private cemetery in Hawaii at their personal expense.

The federal government is currently providing grants-in-aid for the establishment, expansion and improvement of veterans cemeteries. Your Committee finds that it would be fitting for the State to apply for these funds to establish a State veterans cemetery on Oahu.

Your Committee, upon consideration, has amended the bill to provide that a permanent public memorial for veterans be included in the development of a State Veterans Cemetery. Many of Hawaii's men and women have served in the military with some sacrificing their lives, and a memorial in honor of these brave people would be an appropriate tribute to their memory.

Your Committee has further amended the bill by changing the appropriated amount to \$500,000 and changing the effective date from "upon approval" to "July 1, 1987".

Your Committee on Military and Civil Defense is in accord with the intent and purpose of H.B. No. 225, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 225, 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 Kuroda.

SCRep. 910 Business Development and Pacific Relations on H.B. No. 310

The purpose of this bill is to increase the Hawaii Community Development Authority's public facilities revenue bond authorization from \$15,000,000 to \$35,000,000.

Your Committee has amended this bill by deleting the substance and inserting provisions which would enable the Hawaii Community Development Authority to assume authority and responsibility for planning and regulating development activities in the waterfront area from Kewalo Basin to Fort Armstrong.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 310, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 310, S.D. 1, and be recommitted to the Committee on Business Development and Pacific Relations for further consideration.

Signed by all members of the Committee except Senator Menor.

SCRep. 911 Business Development and Pacific Relations on H.B. No. 1227

The purpose of this bill is to appropriate \$600,000 to the Department of Planning and Economic Development for a study on the feasibility of establishing a space industry in Hawaii.

Under this bill, a preliminary report would be prepared in time for circulation at the International Space Conference to be held in Hawaii in August 1987, and a more complete report would be made to the legislature prior to the convening of the Regular Session of 1988.

Your Committee finds that Hawaii's accessible high mountains, ideal temperature ranges, clear air, geographic location, established infrastructure, and proximity to the equator make Hawaii an ideal location to establish a space technology industry. Your Committee further finds that the development of a broad-based industry of the kind contemplated by this bill would bring with it job opportunities and diversified economic growth that would benefit the people of Hawaii for many years to come and enhance Hawaii's position in Pacific and Asian technological economic development.

Your Committee has amended the bill by changing the sum appropriated to \$300,000, of which \$250,000 shall be for the study and \$50,000 shall be to support the International Space Conference. Your Committee has further amended the bill by providing that the funds made available shall be on the basis of \$3 of state funds for every \$1 of private, federal, or county funds acquired by the Department for such purposes, up to the maximum state contribution of \$300,000.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 1227, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1227, 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 Menor.

SCRep. 912 Tourism and Recreation on H.B. No. 15

The purpose of this bill, as received, is to establish a tourism special fund and require forty per cent of the moneys collected under the transient accommodations tax to be deposited into the special fund.

Your Committee has amended the bill substantially. The tourism special fund and earmarking of forty per cent of the transient accommodations tax have been deleted. Instead, your Committee has required \$1 from the transient accommodations tax to be placed annually into a separate account in the general fund for appropriation to and expenditure by state and county agencies for tourism-related capital improvement projects.

Your Committee intends that "tourism-related capital improvement projects" be one-time, cash funded projects with some relationship to the construction, repair, or maintenance of public infrastructure systems impacted by, or the acquisition or improvement of resources valuable to, the tourism industry. Examples of "projects" include, but are not limited to, the improvement of public roads between airports and tourist destination areas, improvement of sewer or water systems serving resort areas, and acquisition of public park or beach lands. Your Committee does not intend that "projects" be limited to facilities, systems, or resources, which serve only or primarily tourists. As long as the "projects" have some relationship to the tourism industry, even if slightly, rarely, or incidentally, your Committee considers them to be "tourism-related". Furthermore, your Committee does not intend moneys in the account to be used as security for the issuance of bonds or other instruments of indebtedness.

The reasons for the amendments are as follows:

- (1) Earmarking of a flat amount, rather than a percentage, is preferable because the legislature, administration, and other concerned jurisdictions and agencies will be certain of the annual amount available for tourism-related capital improvement projects. Thus, planning and budgeting for tourism-related projects will be enhanced.
- (2) A separate account in the general fund is preferable to a special fund because less paperwork is required in the administration of an account. Moreover, a special fund is not justified because no bonds will be repaid from the moneys in the account nor will the account receive revenues or user taxes from any of the projects funded.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of H.B. No. 15, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 15, 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 Kuroda and Solomon.

SCRep. 913 (Majority) Tourism and Recreation on H.B. No. 16

The purpose of this bill, as received, is to establish an authority to designate the site of the Hawaii convention center.

The provisions of Senate Bill No. 1192, S.D. 2, with certain additions, have been substituted for the contents of the bill, as received. The additions are as follows. New language has been added to the definition of "related facilities" to specifically exclude hotels, condominiums, and apartments. This amendment is intended to explicitly prohibit the construction of a convention hotel on the convention center site. A new section -5 has been added to provide that construction of the convention center at the site supersedes contrary planning and zoning laws, ordinances, and rules. This amendment is intended to facilitate the construction of the convention center. An appropriation has been added for social impact and traffic impact assessments on the McCully, Moiliili, Kapahulu, and Waikiki communities from the convention center. Your Committee is attentive to the concerns of residents of these communities. This amendment is intended to identify potential adverse effects which may be mitigated by subsequent legislative action.

The bill, as amended, establishes the orientation of the Hawaii convention center, designates a small portion of the Ala Wai Golf Course as the convention center site, requires and funds the rebuilding of the remaining portion of the golf course into an eighteen-hole course, creates a convention center authority to plan, design, construct, manage, operate, and promote the convention center, earmarks a portion of the annual proceeds from the transient accommodations tax to a convention center special fund, and appropriates moneys for off-site projects which are necessary to establish, mitigate the adverse effects caused by, or improve the operational efficiency and effectiveness of, the convention center.

The Senate's and your Committee's position on the convention center issue has been well-stated in Senate standing committee reports 21 and 585 on Senate Bill No. 1192, S.D. 2. Both standing committee reports reflect the sentiments of your Committee, and should be regarded as applicable by reference to this bill. Your Committee, however, summarizes the major reasons for designation of a small portion of the Ala Wai Golf Course as the convention center site.

First, the Ala Wai Golf Course site is the most marketable after Fort DeRussy. Your Committee, however, finds that establishment of the convention center at Fort DeRussy is not feasible, nor in the public interest. Purchase of the site for a convention center, even if the federal government is willing to sell, would be too expensive and result in the denial of funding for other more urgent, necessary public projects. Furthermore, the U.S. Army, the current owner of Fort DeRussy, indicates that the site can be made available to the State only after five to seven years from the time of willingness to sell. Every year in which the operation of the convention center is delayed results in the loss of \$130 to \$140 million to the State's economy. Thus, it is imperative that the convention center be established as soon as possible. Since Fort DeRussy is rejected, the Ala Wai site must be chosen for its marketability. The convention center will be a multi-million dollar project, and the State cannot gamble the huge sum on a site less marketable.

Second, because of the orientation of the convention center, pedestrian and vehicular traffic will originate from Waikiki and move mauka. Thus, traffic on public highways mauka of the Ala Wai Canal should not increase significantly. A convention center at a site further away from Waikiki than the Ala Wai site would have a greater traffic impact and affect residents more detrimentally.

Third, the remaining portion of the Ala Wai Golf Course can be rebuilt into an eighteen-hole golf course. Robert Trent Jones, Jr., a renowned, respected, and perhaps the best golf course architect in the world, has presented plans before your Committee for rebuilding the course. The plans prove that the remaining portion can be rebuilt into a beautiful, challenging, durable, enjoyable, and safe eighteen-hole course. Mr. Jones has stated further that, in rebuilding the course, better maintenance facilities and capabilities could be inlaid, resulting in a longer and healthier life for the course.

These reasons, when considered in combination, make the small portion of the Ala Wai Golf Course the obvious and best choice for the convention center.

Finally, your Committee comments on the proposal in the bill, as received, to establish an authority to designate the site for the convention center. Your Committee disagrees vehemently with that approach. The convention center issue is controversial, with each candidate site having a significant number of proponents and detractors. No doubt members of the Legislature will feel political consequences from any decision made. Members of the Legislature, however, have been elected and are bound by duty, principle, and the faith of the electorate to make difficult decisions, not just easy ones. The Legislature has already required two others, Pannell Kerr Forster and the Legislative Reference Bureau, to recommend a site for the convention center. Legislative delegation of the issue was easy because the consequent criticisms of the recommendation were deflected fully and only upon Pannell Kerr Forster and the Legislative Reference Bureau, and not the Legislature. Perhaps delegation was too easy. The House of Representatives proposes to again delegate its duty in order to escape political pressure. Your Committee finds that avoidance of the Legislature's duty in the manner proposed by the House of Representatives would: be embarrassing; be unjustifiable without a vote in public to clearly show that no majority exists on a site; promote public dissatisfaction with and deteriorate public faith and confidence in the democratic system by acknowledgment of political paralysis; and be an admission of a lack of fortitude. The Senate, after objective, unselfish, and forthright evaluation, has taken the courageous action of designating the convention center site. Derogation of the Senate and individual senators has been very vocal and extremely harsh. Yet, the burden borne for the courage displayed is much lighter and much more honorable than the burden which accompanies avoidance of one's duty because of fear.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of H.B. No. 16, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 16, 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 Kuroda and Solomon.
Senator McMurdo did not concur.

SCRep. 914

Tourism and Recreation on H.B. No. 1361

The purpose of this bill is to establish the division of gross income between an operator of

transient accommodations and a travel agency or tour packager when transient accommodations are furnished through arrangements made by the travel agency or tour packager at noncommissioned negotiated contract rates. This bill addresses the "gross up" problem. Your Committee finds that this bill provides equitable treatment for operators of transient accommodations under the general excise tax law.

Your Committee, however, is concerned about the revenue loss to the State and possible abuses under this bill, as received. Thus, the following amendments have been made to neutralize the projected loss and protect against abuses. Section 237-24(25), Hawaii Revised Statutes (HRS), has been deleted. The amendment makes amounts of the transient accommodations tax passed on to transients subject to the general excise tax. Language has been added which makes the "gross up" provision applicable only if the travel agency or tour packager:

- (1) Shows sufficient evidence to the director of taxation that the general excise tax has been imposed and collected on the entire gross income or gross proceeds earned by the travel agency or tour packager from services or products provided or arranged for in the State to transients who occupied the transient accommodations; or
- (2) Is subject to the general excise tax.

Your Committee has also amended section 237-18(h), HRS, which addresses the "gross up" problem for certain "tourism related services". The definition of "tourism related services" has been amended to include "fishing charters". In enacting the definition of "tourism related services" under section 237-18(f), HRS, the understanding of your Committee is that the Legislature desired to improve the financial operations of the listed services. Your Committee finds that the financial operations of "fishing charters" also need improvement and, for this reason, has included those businesses in the definition. No statutory definition of "fishing charters" has been proposed by your Committee in order to give the director of taxation flexibility in implementation. Your Committee, however, intends that the director's definition be consistent with the following: "fishing charter" means a business under which the owner or operator of a small or medium sized boat charters to patrons the boat and services of its crew on a daily or hourly basis for sports fishing on the high seas. Your Committee further intends that the revenues lost by this amendment be neutralized by the amendments previously discussed.

In addition, your Committee has included language to declare that the provisions of this bill are not severable. The language reflects your Committee's purpose of presenting a bill which balances revenue losses and gains.

Your Committee has also amended the bill by deleting the retroactive provisions.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of H.B. No. 1361, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1361, 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 Kuroda.

SCRep. 915 Tourism and Recreation on H.B. No. 1365

The purpose of this bill is to make housekeeping and technical amendments for the consistent imposition of the transient accommodations tax.

This bill, in most part, is an administrative proposal and has been formulated after discussions with representatives of the visitor industry and other affected taxpayers. Among other provisions, this bill exempts from taxation accommodations furnished to students seeking post-secondary education, exempts from taxation complimentary accommodations, and requires reconciliation statements.

Your Committee has amended the definition of "lease" by adding on page 7, line 7, of the bill, as received, the words "or other place in which lodgings are regularly furnished to transients". This amendment was requested by the Department of Taxation to correct an oversight in drafting. It was pointed out that the amendment is necessary to make this definition parallel with the definition of transient accommodations.

Your Committee has deleted the second sentence added as an amendment to section 237D-2, Hawaii Revised Statutes. This amendment would provide that any transient accommodations taxes passed on to the customer are not to be included as gross rental proceeds. Your Committee finds that this amendment would make this tax a net rental tax instead of the gross

rental tax it is intended to be. Since the industry is passing the transient accommodations tax on to the tourist, the tax is being exported and not being paid by the industry. Your Committee sees no reason for this amendment.

Your Committee has deleted provisions concerning the taxation of transient accommodations provided by boats and ships. The deletions are consistent with the Senate's position on S.B. No. 1712, S.D. 2, which is the companion to this bill.

Your Committee has also amended section 237D-12, Hawaii Revised Statutes. The amendment conforms the terminology in that section to the amendments proposed by this bill.

Other technical, nonsubstantive amendments have also been made, including the renumbering of sections.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of H.B. No. 1365, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1365, 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 Kuroda.

SCRep. 916 Tourism and Recreation on H.B. No. 1421

The purpose of this bill is to make an appropriation for the City and County of Honolulu's Kalakaua Avenue Safety and Beautification Project.

Your Committee finds that the Kalakaua Avenue Safety and Beautification Project, upon completion, will enhance the beauty of, safety of pedestrians within, and traffic flow through, Waikiki. Your Committee fully supports the Project.

Your Committee has amended the bill as follows:

- (1) Most of the language in the purpose clause has been deleted. Your Committee feels that purpose clauses are unnecessary, except in rare instances when legislative findings are important to reinforce the validity of a law. This bill is not one of those rare instances;
- (2) Section 2 is changed to make the appropriation a grant-in-aid to the City and County of Honolulu. The language in the bill, as received, implies that the State has an obligation to fund the Project's cost overrun. Your Committee does not feel that the State has such an obligation. Section 2 is further amended to delete the requirement for matching funds from the City and County of Honolulu. Your Committee does not feel that the language is necessary because the City has publicly stated that the appropriation under this bill does not cover the full cost of the overrun and that city funds are required to supplement the state funds;
- (3) A new section 3 has been added which prohibits the City and County of Honolulu from using state moneys for the Project, other than the moneys appropriated under this Act and the Waikiki improvements capital improvement project item under the Supplemental Appropriations Act of 1984. Your Committee feels that, with the appropriation under this bill, the State's participation in the Project is sufficient.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of H.B. No. 1421, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1421, 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 Kuroda and Solomon.

SCRep. 917 Transportation on H.B. No. 198

The purpose of this bill is to relieve the transferor of a motor vehicle from civil or criminal liability for activities involving the motor vehicle from the date the transferor delivers the vehicle into the transferee's possession.

Your Committee notes that this bill is similar to S.B. No. 241, S.D. 1, which was approved by the Senate and sent to the State House of Representatives on March 16, 1987.

Both bills attempt to clarify the time a transferor is released from civil or criminal liability. Current statutes are unclear as to when the responsibility for any incurred liability transfers

from seller to buyer of a motor vehicle.

The Hawaii Automobile Dealers Association, which has testified in favor of both bills, has pointed out that there has been an instance where one of their members was held partially liable for a vehicle involved in an accident resulting in a fatality after delivery of that vehicle to the new owner. In this case, all contracts had been executed, payment had been received and transfer of the vehicle had been made. However, when the new owner's insurance provided only limited coverage, the dealer's insurance company was included in the liability case.

As a result, your Committee believes it is in the public's interest that statutory requirements be enacted specifying the point in time when a seller is relieved of criminal and civil liability.

However, in reviewing this bill, your Committee believes that additional provisions in the bill go beyond establishing the exact point of liability. For instance, this bill requires any buyer to show proof of insurance to sellers, a group which may include an individual wishing to sell his automobile. Your Committee believes that verifying proof of insurance is an inappropriate and burdensome enforcement requirement for sellers to perform. Therefore, your Committee has amended the bill by deleting the proposed new subsection (m) which contained the proof of insurance requirement and instead included a provision in subsection (k) which would relieve civil and criminal liability from the date the transferor delivers the motor vehicle into the transferee's possession. This was the approach taken in S.B. No. 241, S.D. 1.

Your Committee has further amended the bill by deleting from the bill those subsections of section 286-52 which are not amended by the bill.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 198, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 198, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Kuroda and Menor.

SCRep. 918 Transportation on H.B. No. 775

The purpose of this bill is to strengthen the statutes which impose criminal penalties on individuals who have negligently caused the death of, or serious bodily injury to another person while driving a motor vehicle under the influence of intoxicating liquor.

Your Committee reaffirms its commitment to improving Hawaii's efforts to combat the serious threat to traffic safety brought by those driving under the influence of intoxicating liquor. As a result, your Committee has made a serious effort to provide a more comprehensive approach toward combating this problem by reviewing and approving two other Senate measures in this area.

Your Committee, therefore, has amended this bill by deleting the contents of H.B. No. 775, H.D. 1 in its entirety and replacing it with the provisions of the following:

S.B. No. 486, S.D. 1

The Senate approved, and sent to the State House of Representatives, S.B. No. 486, S.D. 1 on March 11, 1987.

This bill provides a more balanced approach by its provisions of stricter penalties and measures of rehabilitations for those convicted of either causing the death or bodily injury of another individual while driving under the influence of intoxicating liquor. In addition, S.B. No. 486, S.D. 1 includes public safety provisions which will require prompt revocation of licenses for those convicted of these offenses for at least one year, thus keeping them off Hawaii's highways and streets.

Your Committee heard favorable testimony on the bill's approach to the problem of driving under the influence of intoxicating liquor from the Department of Transportation, Honolulu Police Department, the Department of the Prosecuting Attorney for the City and County of Honolulu, and Mothers Against Drunk Driving.

The Honolulu Police Department testified that there was a need to establish more severe penalties for serious bodily injury caused by driving under the influence of intoxicating liquor. Existing criminal law is inadequate because a drunk driver who injures someone cannot be criminally charged with a more serious offense than one who is arrested for driving under the influence of intoxicating liquor without a mishap.

In addition, your Committee heard testimony that serious bodily injury can be as devastating

for the family and society as the death of an individual. The victim is often left impaired for life; suffering from brain damage, paralysis, the loss of arms or legs, or other disabling injuries. Therefore, your Committee finds that penalties for this offense should be as severe as those recommended for the offense of causing the death of an individual: a Class C felony.

S.B. 161

This legislation would require a police officer to take the license or permit of an individual who has been arrested for driving under the influence of intoxicating liquor and refuses to take a breath or blood test, and has been previously convicted of driving under the influence of intoxicating liquor.

The license would be kept by the arresting officer until presented to the judge at the hearing provided for under Section 286-156, Hawaii Revised Statutes. Disposition of the license or permit at that time will be left to the discretion of the presiding district judge.

Your Committee has found that ninety percent of those drivers arrested for driving under the influence of intoxicating liquor for a second time are problem drinkers. Traffic safety will be improved by taking problem drinkers arrested for the second time off Hawaii's highways and roads until they can be referred to a district judge.

Conclusion

Your Committee strongly believes that this amended bill - with the provisions for stiffer penalties, mandatory referral to an alcohol rehabilitative program and revocation of license - offers a more comprehensive and balanced approach to the alarming threat to traffic safety posed by those who continue to drive under the influence of intoxicating liquor.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 775, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 775, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Kuroda and Menor.

SCRep. 919 Transportation on H.B. No. 1688

The purpose of this bill is to relieve owners of private aircraft from absolute liability for injuries to persons or property caused by the aircraft during its operation.

This bill also provides a definition for a "commercial use" aircraft since these aircraft will continue to be held absolutely liable as provided in this section.

Current statute requires the owner of an aircraft which is operated over the lands or waters of the State be held absolutely liable for injuries to persons or property on the land or water caused by the operation of an aircraft, regardless of the owner's negligence.

Your Committee finds that this statute places an undue burden upon an aircraft owner since no consideration is made for whether the aircraft is leased, if it is operated by someone other than the owner or even reported stolen at the time that the injury was sustained.

In addition, insurance rates for aircraft owners and renters are significantly higher in Hawaii than other states due to this absolute liability provision. As a result, the passage of this bill would result in affordable insurance being available within the general aviation community.

Your Committee has amended the bill by underscoring the comma on page 1, line 5, by adding a comma after the word "liable" on page 1, line 6, by correcting a typographical error in the spelling of the word "separately" on page 2, line 1, by changing the word "in" on page 2, line 11 and substituting the word "of", and by deleting the word "his" on page 2, line 3 and substituting the words "the aeronaut's" to conform to statutory language.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1688, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1688, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Kuroda and Menor.

SCRep. 920 Consumer Protection and Commerce on H.B. No. 1536

The purpose of this bill is to establish the position of the Commissioner of Securities in the Department of Commerce and Consumer Affairs.

Under this bill, the Commissioner of Securities would be appointed by the Director of Commerce and Consumer Affairs with the approval of the Governor and would be exempt from the civil service requirements of Chapters 76 and 77, Hawaii Revised Statutes. The bill also includes an appropriation to the Department of \$110,808 for fiscal biennium 1987-1989 to carry out the purposes of the bill, including the hiring of necessary staff.

Your Committee received testimony from the Department of Commerce and Consumer Affairs and finds that the Director is currently responsible for carrying out the duties of the Commissioner of Securities in an ex officio capacity. Your Committee also finds that the Legislature, from time to time, has created exempt positions in the Department such as the Insurance Commissioner, the Consumer Advocate, and the Commissioner of Financial Institutions, to carry out the complex tasks of their respective branches. This bill would logically place the administration of the securities branch in the hands of an individual specifically recruited as having the background and capabilities to handle the job, and would thus partially relieve the Director of the complex and demanding responsibilities involved in the regulation of securities and related businesses.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1536, 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. 921 Transportation on S.R. No. 44

The purpose of this resolution is to request the United States Department of Transportation to grant All Nippon Airways (ANA) a scheduled route to Hawaii.

Favorable testimony was heard by your Committee on this bill from the Hawaii Hotel Association, Honma Golf, Inc., the Hawaii Visitors Bureau, the Department of Commerce and Consumer Affairs and All Nippon Airways.

Your Committee heard testimony that All Nippon Airways' service will assist in increasing the number of visitors from Japan because ANA is the only Japanese airline with all-encompassing domestic sales, marketing and service throughout Japan. No other Japanese carrier comes close to the extensive Japanese route network of ANA and the numbers of domestic flights within Japan. As a result of ANA's unique service within Japan, it is believed that ANA will stimulate new passenger growth through the addition of untouched markets within its vast domestic route network. These are passengers who would not otherwise travel to Hawaii.

Your Committee further learned that All Nippon Airways has already demonstrated its commitment to the State of Hawaii. ANA has owned the Sheraton Makaha Resort and Country Club since March 13, 1979 and has invested over \$10 million in improvements to the resorts. Approximately 250 workers are currently employed at these facilities.

All Nippon Airways testified that they intend to do everything possible to insure that their company is a success in Hawaii so the State and its citizens can benefit from the relationship; ANA's philosophy is to assist as they can in the social well-being of the areas they serve.

Your Committee finds that ANA is a company with a sound economic standing, has a desire to be a good corporate citizen and a plan to supplement Hawaii's existing visitor industry. Having All Nippon Airways as a scheduled carrier to Hawaii can therefore only be an asset to the State's economy.

It was brought to your Committee's attention that the federal Department of State should also be requested to grant All Nippon Airways a scheduled route to Hawaii since this department's responsibilities include international agreements.

Your Committee has therefore amended the title and Be it resolved clause of this resolution to also request the Department of State to grant ANA a scheduled route to Hawaii. The resolution is further amended to also send a copy of this resolution to the Secretary of State.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 44, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 44, S.D. 1.

Signed by all members of the Committee except Senator Menor.

SCRep. 922 Transportation on S.C.R. No. 30

The purpose of this concurrent resolution is to request the United States Department of Transportation to grant All Nippon Airways (ANA) a scheduled route to Hawaii.

Favorable testimony was heard by your Committee on this bill from the Hawaii Hotel Association, Honma Golf, Inc., the Hawaii Visitors Bureau, the Department of Commerce and Consumer Affairs and All Nippon Airways.

Your Committee heard testimony that All Nippon Airways' service will assist in increasing the number of visitors from Japan because ANA is the only Japanese airline with all-encompassing domestic sales, marketing and service throughout Japan. No other Japanese carrier comes close to the extensive Japanese route network of ANA and the numbers of domestic flights within Japan. As a result of ANA's unique service within Japan, it is believed that ANA will stimulate new passenger growth through the addition of untouched markets within its vast domestic route network. These are passengers who would not otherwise travel to Hawaii.

Your Committee further learned that All Nippon Airways has already demonstrated its commitment to the State of Hawaii. ANA has owned the Sheraton Makaha Resort and Country Club since March 13, 1979 and has invested over \$10 million in improvements to the resorts. Approximately 250 workers are currently employed at these facilities.

All Nippon Airways testified that they intend to do everything possible to insure that their company is a success in Hawaii so the State and its citizens can benefit from the relationship; ANA's philosophy is to assist as they can in the social well-being of the areas they serve.

Your Committee finds that ANA is a company with a sound economic standing, has a desire to be a good corporate citizen and a plan to supplement Hawaii's existing visitor industry. Having All Nippon Airways as a scheduled carrier to Hawaii can therefore only be an asset to the State's economy.

It was brought to your Committee's attention that the federal Department of State should also be requested to grant All Nippon Airways a scheduled route to Hawaii since this department's responsibilities include international agreements.

Your Committee has therefore amended the title and Be it resolved clause of this concurrent resolution to also request the Department of State to grant ANA a scheduled route to Hawaii. The concurrent resolution is further amended to also send a copy of this concurrent resolution to the Secretary of State.

Your Committee on Transportation 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 except Senator Menor

SCRep. 923 (Joint) Transportation and Consumer Protection and Commerce on S.C.R.
No. 1

The purpose of this Concurrent Resolution was to voice the disapproval of the legislature and Hawaii residents to the recent changes in the United Airlines Mileage-Plus Program.

Your Committees received testimony in support of the Concurrent Resolution from Hawaii residents who testified that the changes in United Airline's benefits program discriminate against travel to and from Hawaii by requiring Hawaii residents and travellers to accumulate more miles than their mainland counterparts to be eligible for the same benefits. They further testified that American Airlines has also announced changes to its "American Advantage" benefit program, which will also discriminate against Hawaii residents and travellers.

The regional director of public affairs for United Airlines testified against the Concurrent Resolution stating that these changes were purely a business decision since the demand for the benefits, especially the upgrade to first class, far exceeded the supply of those benefits. Membership in their program has grown by 4 1/2 million persons in the last five years and these changes reflect this increase. He further testified that certain changes actually enhance benefits for the less frequent flyer and that transmitting copies of this Concurrent Resolution to the nation's major newspapers would have a negative effect on Hawaii's business climate and visitor industry.

The Office of Consumer Protection, in a report to your Committees, determined that these changes are a form of legal discrimination against Hawaii residents and travellers. It also found that the disclosures in the brochures do not accurately reflect all benefits and policies that are

located in United's Apollo computer system, a system which is only available to United and to travel agencies. Finally, the office believes that United is contractually bound to honor the award schedules which were in effect at the time each particular member flew his or her miles, and recommends that United should value the miles at the rate in effect at the time they were flown, or, as a compromise, the membership should be given a longer period of time in which to redeem the accrued mileage.

After careful deliberation, your Committees have amended the Concurrent Resolution to include American Airlines and to delete references to discrimination, and instead use the more accurate term "unequal treatment." Your Committees have also added new language to the Concurrent Resolution to further clarify the situation of the benefit program and its changes which affect Hawaii residents and travellers. Finally, your Committees deleted the paragraphs which would recommend censure of United Airlines and which would transmit copies of the Concurrent Resolution to the major newspapers and television networks. Rather, your Committees are requesting that the airlines review their respective benefit programs to alleviate the unequal treatment now inflicted upon Hawaii residents and travellers and have resolved that copies of this Concurrent Resolution be sent to their home and regional offices and to Hawaii's Congressional Delegation.

Your Committees on Transportation and Consumer Protection and Commerce concur with the intent and purpose of S.C.R. No. 1, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 1, S.D. 1.

Signed by all members of the Committees except Senators Kuroda, Menor, Nakasato and George.

SCRep. 924 (Joint) Transportation and Consumer Protection and Commerce on S.R. No. 3

The purpose of this Resolution was to voice the disapproval of the legislature and Hawaii residents to the recent changes in the United Airlines Mileage-Plus Program.

Your Committees received testimony in support of the Resolution from Hawaii residents who testified that the changes in United Airline's benefits program discriminate against travel to and from Hawaii by requiring Hawaii residents and travellers to accumulate more miles than their mainland counterparts to be eligible for the same benefits. They further testified that American Airlines has also announced changes to its "American Advantage" benefit program, which will also discriminate against Hawaii residents and travellers.

The regional director of public affairs for United Airlines testified against the Resolution stating that these changes were purely a business decision since the demand for the benefits, especially the upgrade to first class, far exceeded the supply of those benefits. Membership in their program has grown by 4 1/2 million persons in the last five years and these changes reflect this increase. He further testified that certain changes actually enhance benefits for the less frequent flyer and that transmitting copies of this Resolution to the nation's major newspapers would have a negative effect on Hawaii's business climate and visitor industry.

The Office of Consumer Protection, in a report to your Committees, determined that these changes are a form of legal discrimination against Hawaii residents and travellers. It also found that the disclosures in the brochures do not accurately reflect all benefits and policies that are located in United's Apollo computer system, a system which is only available to United and to travel agencies. Finally, the office believes that United is contractually bound to honor the award schedules which were in effect at the time each particular member flew his or her miles, and recommends that United should value the miles at the rate in effect at the time they were flown, or, as a compromise, the membership should be given a longer period of time in which to redeem the accrued mileage.

After careful deliberation, your Committees have amended the Resolution to include American Airlines and to delete references to discrimination, and instead use the more accurate term "unequal treatment." Your Committees have also added new language to the Resolution to further clarify the situation of the benefit program and its changes which affect Hawaii residents and travellers. Finally, your Committees deleted the paragraphs which would recommend censure of United Airlines and which would transmit copies of the Resolution to the major newspapers and television networks. Rather, your Committees are requesting that the airlines review their respective benefit programs to alleviate the unequal treatment now inflicted upon Hawaii residents and travellers and have resolved that copies of this Resolution be sent to their home and regional offices and to Hawaii's Congressional Delegation.

Your Committees on Transportation and Consumer Protection and Commerce concur with the intent and purpose of S.R. No. 3, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 3, S.D. 1.

Signed by all members of the Committees except Senators Kuroda, Menor, Nakasato and George.

SCRep. 925 Consumer Protection and Commerce on H.B. No. 410

The purpose of this bill was to update and revise Hawaii's insurance laws.

In 1985, the legislature provided funds to the insurance commissioner for a comprehensive review of the insurance laws of the State. The report on that review, along with recommendations for revisions, was submitted to the legislature along with this bill, which represents a complete rewrite of Hawaii's insurance laws.

Your Committee has amended the bill by deleting its substance and substituting provisions which would (1) require the Hawaiian Insurance Guaranty Association to be subject to the requirements of chapter 92, Hawaii Revised Statutes; (2) provide that the insurance commissioner and employees of the insurance division shall not be immune for acts done or omitted in the performance of their duties; and (3) require that insurance companies shall provide written disclosure of their profits. Your Committee finds that these amendments would provide for greater public and financial accountability of insurers and administrators.

In deleting the substance of H.B. No. 410, H.D. 1, your Committee does not intend to indicate disagreement with the bill's contents. Rather, your Committee finds that maximizing the ostensible area of difference between the House and Senate drafts of the bill will allow for full consideration of the measure in conference.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 410, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 410, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 926 Consumer Protection and Commerce on H.B. No. 1935

The purpose of this bill is to amend the Hawaii Business Corporation Act (Act 167, Session Laws of Hawaii 1983, as amended), the Hawaii Professional Corporation Act (Act 259, Session Laws of Hawaii 1985, as amended), and the Hawaii Nonprofit Corporation Act (Act 270, Session Laws of Hawaii 1985, as amended) to make changes necessary to ensure the effective implementation and enforcement of these Acts.

The bill would provide for correction of fee schedules, consolidation of filing requirements, clarification of name availability according to current standards, permitting reinstatement of involuntary corporate dissolutions, and many other technical changes necessary to allow the new corporation code to go into effect with minimum adverse impact on people filing papers with the Business Registration Division of the Department of Commerce and Consumer Affairs (Department).

The Department requested that the proposed changes in the bill, linking the election and number of directors and officers to only the articles of incorporation and not the bylaws be amended back to the original language. The Department believes that the original language would afford corporations more flexibility when filing with the Department. The Department also requested that the bill be amended to repeal the drop dead date on the business registration special fund. This would be consistent with committee action taken on S.B. No. 554, S.D. 1.

Your Committee, upon consideration, has adopted the recommendations of the Department, regarding the number of directors and officers, by deleting the brackets on page 47, lines 19 and 22; page 48, lines 1, 2, 3, and 6; and page 64, lines 17 and 21. Your Committee has further amended the bill by deleting the underscored language on page 64, lines 17, 18, and 22, and the language on page 186, lines 23 and 24; and page 322, line 11 which states: "This special fund shall be repealed effective July 1, 1988."

Your Committee has also made technical and non-substantive changes for the purpose of clarity and conformance with recommended drafting style.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1935, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1935, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 927 Culture, Arts and Historic Preservation on H.B. No. 230

The purpose of this bill is to amend Section 103-8, Hawaii Revised Statutes, to require all state departments and agencies expending moneys for the original construction of any state building to inform the State Foundation on Culture and the Arts (SFCA) of the amount of the appropriation set aside for the acquisition of works of art and the amount actually expended in each fiscal year, pursuant to rules adopted by the SFCA.

Testimony in favor of this bill was received from the State Foundation on Culture and the Arts. Your Committee finds that amending the statute would formalize the administrative process that now exists and would strengthen the State's ability to ensure that the appropriate moneys are reported and set aside to comply with statutory requirements.

Your Committee has amended the bill on page 2, line 5, by substituting the word "adopted" for the words "and regulations established" to comply with recommended drafting style.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of H.B. No. 230, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 230, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 928 Tourism and Recreation on H.B. No. 540

The purpose of this bill is to establish a definition of "thrill craft" under the boating law, prohibit a person of less than fifteen years of age from operating a thrill craft, and defining an occurrence resulting in \$200, instead of \$100, of vessel damage as a "boating accident".

Your Committee has amended the definition of "thrill craft" contained in the bill, as received. One amendment revises the speed of which a thrill craft is capable of exceeding to twenty, from fifteen, miles per hour. The amendment more accurately identifies the true potential speeds of those crafts. A second amendment requires a thrill craft to have the capacity of carrying not more than the operator and one other person while in operation. The third amendment specifies that the ten-foot maximum length is the length "as manufactured". Your Committee is aware that stabilizers are sometimes attached to thrill crafts which increase their lengths considerably. This amendment is intended to prevent the circumvention of the definition by the attachment of temporary or optional devices. The final amendment includes a "hovercraft" in the definition.

In addition, your Committee has included a provision which prohibits the operation of a thrill craft in waters of the State, except in areas designated by rule of the department of transportation. This prohibition is to take effect on July 1, 1988.

The nature of thrill crafts require their operation in calm, nearshore waters, which are also used by persons engaged in nonmotorized water activities, such as swimmers, divers, and paddlers. Because of the size and speed capability of thrill crafts, nonnecessity of any skill for operation, and lack of operator qualifications, swimmers, divers, and paddlers are exposed to serious injury or death when thrill crafts are in the vicinity. In fact, at least one death has occurred from the operation of a thrill craft. Thus, your Committee finds that the commingling in waters of thrill crafts and persons engaged in nonmotorized water activities is a threat to the public health and safety, justifying strict regulation.

Moreover, your Committee finds that thrill crafts have caused a significant deterioration of the environment. They are extremely noisy and leave a turbulent wake, resulting in the reduction of the pleasure of others engaged in water activities, driving away or otherwise disturbing aquatic life, and erosion of Hawaii's valuable shoreline.

For these reasons, your Committee finds that the protection of the public health and safety and preservation of the general welfare require the prohibition of thrill craft operation in the waters of the State, except in areas designated by the department of transportation. It is the intent of your Committee that the areas designated by the department be far away from: areas customarily used by swimmers, divers, and paddlers; areas where fishing, net laying or throwing, or crabbing is conducted; popular beaches; commercial and small boat harbors; reefs which are the habitats of aquatic life; marine sanctuaries and reserves; and the spawning, mating, or feeding grounds or migratory routes of aquatic life.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of H.B. No. 540, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 540, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 929 Health on H.B. No. 884

The purpose of this bill is to enable the Department of Health to adopt rules necessary to provide appropriate hepatitis B screening of pregnant women, including reporting and follow-up procedures for newborns of hepatitis B carrier mothers.

The bill would also authorize the Department to provide medication and treatment of newborns of indigent and medically indigent carrier mothers.

Your Committee finds that hepatitis B is a serious community problem. However, the maternal transmission of hepatitis B to the infant can be prevented by immunization at birth. The problem is identifying the carrier mothers so that the remedy can be applied. Therefore, your Committee finds that screening of pregnant women is a logical and appropriate step towards combating this disease.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 884 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 930 Health on H.B. No. 887

The purpose of this bill is to provide an alternative means of filling a vacancy on a service area board.

Under current law, a mental health service area board vacancy is filled by appointment made by the governor on the basis of a list of candidates drawn up by the board. However, some of the boards have had difficulty establishing a quorum necessary to develop such a list. This bill would allow the board, in such a case, to establish a recommendation panel out of its own members willing to participate and other area residents they may choose.

Your Committee heard supporting testimony by the Director of Health and finds that this bill would provide an appropriate method by which community participation in the nominating process would be preserved, and would assist in maintaining board continuity through participation of remaining board members in the process.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 887 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 931 Health on H.B. No. 883

The purpose of this bill is to repeal the statutes which require the Department of Health to issue permits to persons seeking county licenses to sell poisonous drugs and household remedies and rodent, insect, or weed destroyers.

Your Committee received testimony from the Director of Health and finds that such permits and licensing serve no useful purpose in protecting the public against the harmful effects of poisons. Your Committee finds that the Department is capable of regulating poisons without issuing permits, and the Department of Agriculture and the U.S. Environmental Protection Agency, as well as the U.S. Food and Drug Administration and the U.S. Consumer Product Safety Commission also have a hand in controlling the sale and use of potentially hazardous consumer products. Therefore, your Committee finds that the poison permits serve no substantial purpose and should be deleted from Hawaii law.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 883 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 932 Health on H.B. No. 882

The purpose of this bill is to repeal the ten-day shelf life requirement for fluid processed milk.

Your Committee received testimony from the Director of Health and finds that the shelf-life requirement was challenged in U.S. District Court and found to have serious constitutional problems. As a result, the court has issued a permanent injunction prohibiting the State from

enforcing the law.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 882 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 933 Military and Civil Defense on H.B. No. 1477

The purpose of this bill is to amend Section 121-7, Hawaii Revised Statutes (HRS), to clarify the scope of the Adjutant General's command.

Currently Section 121-7, HRS, states that "the adjutant general shall be the executive head of the department of defense and commanding general of the National Guard."

Substituting the words "militia of the State" for "National Guard" would clarify that the adjutant general's scope of command includes all of the military components in the department rather than just the National Guard.

This would also make Section 121-7 consistent with Section 121-9, which states "The adjutant general shall supervise all of the forces comprising the military components of the department of defense of the State."

Your Committee on Military and Civil Defense is in accord with the intent and purpose of H.B. No. 1477 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 934 Military and Civil Defense on H.B. No. 878

The purpose of this bill is to provide immunity for commanding officers who bring nonjudicial punishment actions against enlisted members.

The Hawaii Code of Military Justice provides convening authorities, members of military courts, or other persons who participate in courts-martial immunity from civil liability. However, commanding officers who impose nonjudicial punishment are not afforded the same coverage.

Your Committee heard the Senate companion, S.B. No. 984, at which time the State Adjutant General testified that nonjudicial punishment is an official, but substantially less formal method of imposing discipline than courts-martial, which are criminal trials. Further, the maximum punishment allowable is substantially lighter, and records of convictions are not permanent. The Department of Defense finds that nonjudicial punishment is an extremely effective tool for implementing military discipline for minor offenses because it provides the ability to impose a lighter sentence within a short period of time after the offense occurs.

Your Committee finds that providing immunity for commanding officers who impose nonjudicial punishment would encourage this practice as an alternative to courts-martial, which are more costly and cumbersome.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of H.B. No. 878 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 935 Health on H.B. No. 858

The purpose of this bill is to establish a statewide medical examiner system.

Currently, autopsies may be performed by a coroner or a coroner's physician who may not be specifically qualified in that field. This bill would require all autopsies to be done by an anatomic or forensic pathologist certified by the American Board of Pathology. It also authorizes neighbor island pathologists to call on the forensic pathologists with the City and County of Honolulu to aid in complex or important cases.

Your Committee finds that this measure would help ensure against improper or incorrect diagnoses and would further protect the public from harmful results of inadequate autopsies.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 858 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 936 Health on H.B. No. 890

The purpose of this bill is to enable the Department of Health to investigate violations of the rights of psychiatric patients and to provide a penalty for obstructing an investigation.

At the present time, the law lists twenty-six rights which are granted to patients in psychiatric facilities. When a patient makes an allegation of a rights violation, the Department is required by law to investigate and report back to the patient within thirty days. However, as the statute now stands, the Department has no investigative powers and thus lacks the means to carry out investigations if the psychiatric facility and its staff refuse to cooperate. This bill would give the Department investigative authority similar to that currently enjoyed by the Ombudsman.

Your Committee finds that the Department needs the authority provided by this measure if it is to be able to effectively carry out its responsibilities relating to investigation and enforcement of psychiatric patient rights violations.

Your Committee has amended the bill to provide that a Department inspector may enter a psychiatric facility without prior notice only if the inspector furnishes written Department authorization for such entry to the person in charge of the facility.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 890, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 890, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 937 Health on H.B. No. 1102

The purpose of this bill is to enhance the effectiveness of the Hawaii Advisory Commission on Drug Abuse and Controlled Substances.

Your Committee finds that a problem currently exists with the Commission's ability to reach a quorum. The quorum number is determined by the mandated size of the Commission (fifteen members), which is often not the actual size of the Commission due to delays in appointing replacements for members who resign. While the Commission is composed of volunteer citizens whose enthusiasm is commendable, the members become frustrated when meetings are essentially pointless due to the lack of a quorum.

Your Committee finds that this bill would allow for a quorum to be established as a percentage of the number of current members, which will improve the Commission's ability to perform its duties.

Your Committee has amended the bill, on the recommendation of the Director of Health, by specifying that the Commission membership shall be not less than nine.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1102, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1102, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 938 Consumer Protection and Commerce on H.B. No. 211

The purpose of this bill was to amend Act 2 of the First Special Session Laws of Hawaii 1986 by exempting medical malpractice policies issued by mutual or reciprocal insurance companies from the commercial liability rollback requirements scheduled to take effect on October 1, 1987 and October 1, 1988.

Your Committee received testimony from the Hawaii Medical Association that medical malpractice insurance is not widely available in this State and that exempting medical malpractice carriers from the liability insurance rate rollbacks would help to insure their continued availability.

Your Committee is in agreement that the continued availability of medical malpractice

insurance is vital to the health needs of the State and, therefore, has amended the bill to exclude all medical malpractice policies from the premium rollback provisions of Act 2. Your Committee has further amended the bill by providing that a nonprofit reciprocal liability insurance company shall include in any rate filing information and data regarding the expected impact of tort reform implemented by sections 11 to 22 of Act 2, Special Session Laws of Hawaii, 1986.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 211, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 211, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling, B. Kobayashi, Nakasato and Ikeda.

SCRep. 939 Consumer Protection and Commerce on H.B. No. 312

The purpose of this bill is to delete language authorizing the Commissioner of Financial Institutions to grant a "conditional approval" of an application for a bank charter; and provide appeals directly to the circuit court for applicant banks, savings and loan associations, trust companies, industrial loan companies, and escrow depositories after an application is denied by the Commissioner.

Presently, the law provides various appeals processes to applicants of financial institutions whose applications have been denied by the Commissioner. This bill would allow these applicants to appeal their cases directly to the circuit court.

Your Committee finds that this bill would simplify the review process by providing uniformity in the review of administrative decisions made by the Commissioner. Your Committee further finds that a "conditional" approval in the case of a bank application is inappropriate. There should be either an acceptance or a denial of the application.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 312 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 Chang, Fernandes Salling, B. Kobayashi, Nakasato and Ikeda.

SCRep. 940 Consumer Protection and Commerce on H.B. No. 497

The purpose of this bill is to provide for the continued regulation of cemeteries and mortuaries in the State of Hawaii.

This bill extends Chapter 441, Hawaii Revised Statutes, until December 31, 1993 as recommended by the Legislative Auditor in its Sunset Report and changes the name of the chapter to "Cemetery and Funeral Trusts."

Your Committee received testimony from the Department of Commerce and Consumer Affairs and the Hawaii Allied Memorial Council in support of this bill.

Your Committee finds that there is a continuing need to regulate the trust funds associated with perpetual cemetery care and preneed funeral plans. Your Committee also finds that the new chapter title is appropriate to its contents.

Your Committee has amended the bill by making technical changes to conform to recommended drafting style.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 497, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 497, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling, B. Kobayashi, Nakasato and Ikeda.

SCRep. 941 Consumer Protection and Commerce on H.B. No. 1073

The purpose of this bill was to include the following activities as unfair claim settlement practices:

- (1) Failure to offer payment within thirty calendar days of affirmation of liability, if the amount of the claim has been determined and is not in dispute;
- (2) Failure to provide the insured or beneficiary with a reasonable written explanation for any delay, on every claim remaining unresolved for thirty days from the date it was reported; and
- (3) Indicating to the insured on any payment draft, check, or accompanying letter, that the payment is final, or is a release of claim, if additional benefits are probable.

The bill would also provide that if any insurance company fails to pay a judgment for a violation within thirty calendar days without good cause, it shall be charged interest of one and one-half percent a month on all amounts delinquent.

Your Committee has amended the bill by deleting its substance and inserting new statutory material to provide for optional riders to a sickness insurance policy, at an additional cost, to add coverage for veterinary services for eligible domestic animals which are pets of the policyholder.

Your Committee believes that household pets constitute major economic as well as emotional investments for a sizeable portion of Hawaii's residents. In view of this, your Committee finds that providing for pet insurance would contribute to the well-being of pets and satisfaction of pet owners, and aid in controlling the economic losses of pet owners due to the illness or injury of their pets.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1073, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1073, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling, B. Kobayashi, Nakasato and Ikeda.

SCRep. 942 Consumer Protection and Commerce on H.B. No. 521

The purpose of this bill was to clarify the powers and duties of the Boxing Commission.

This bill amended the authority of the Boxing Commission (Commission) to adopt rules under section 440-8.5, Hawaii Revised Statutes, by:

1. Giving the Commission's physician the responsibility of determining whether a knockout victim must submit to a neurological examination after a fight and to an annual eye examination by a licensed ophthalmologist;
2. Requiring an automatic medical suspension of any boxer who has sustained repeated blows to the head; and
3. Deleting the annual review requirement for the Commission's rules and powers to ensure conformance with the provisions of chapter 91, HRS.

Your Committee received testimony from the Hawaii Medical Association and the Boxing Commission in support of this bill.

The Hawaii Medical Association (Association) testified that although the Association believes boxing should be discouraged since its primary objective is to inflict pain, this bill would help protect the boxer from the effects of brain and eye trauma. The Association further testified that the discretion to require a boxer to submit to a neurological examination after a knockout and to an annual ophthalmological test can be left with the Commission's doctor without sacrificing the health of the boxer.

The Boxing Commission testified that current statute appears too stringent by requiring "all boxers who sustain knockouts to take neurological examinations." In many cases, especially technical knockouts (TKO), these costly examinations are not necessary. The same arguments apply for the annual ophthalmological examinations. The Commission believes that a Commission's physician can make a determination at the end of a fight or at the time of the annual medical examination as to whether either or both tests are necessary.

Your Committee, after listening to extended testimony and after careful deliberation, has amended the bill to retain the mandatory neurological examination for any boxer knocked out in a boxing contest and the annual eye examination for all boxers. Your Committee believes that

the safety and health of the boxer should not be compromised by making the neurological examination optional. Many brain traumas and injuries can be diagnosed immediately through neurological testing whereas their visible symptoms may take days or even weeks to become evident. Your Committee also believes that while an annual eye examination is necessary for a boxer's well being, it need not be performed by a licensed ophthalmologist. A boxer's most common eye ailment is a detached or injured retina, an injury which can easily be diagnosed at the annual medical examination by a general physician.

Your Committee has further amended the bill to clarify the language of paragraph 5 to state that the period of time of the medical suspension shall be determined by the Boxing Commission. The proposed new language could be construed to mean that the Commission shall determine the period of time in which a boxer receives a beating before that boxer is subject to an automatic medical suspension. Your Committee believes that any boxer who receives a knockout punch or who receives a continuous head beating should be automatically suspended. The length of time of that automatic medical suspension should be determined by the Commission based upon the boxer's injuries and on the boxer's ability to fight.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 521, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 521, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling, B. Kobayashi, Nakasato and Ikeda.

SCRep. 943 Higher Education on H.B. No. 1520

The purpose of this bill is to authorize the Board of Regents to adopt rules to manage the inventory, equipment, surplus property and expenditures of the University of Hawaii.

Recent administrative action has served to transfer the authority and responsibility for managing University inventory, equipment and surplus property and expenditures from the Department of Accounting and General Services to the University. This bill would codify the transfer of authority and responsibility and provide the University with specific rule-making authority in these areas, thereby allowing the Board of Regents to effectively carry out its responsibility and providing clearer guidance to those dealing with the University.

Your Committee received favorable testimony from the Vice-President for Finance and Operations, University of Hawaii-Manoa.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 1520 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 944 Tourism and Recreation on H.B. No. 891

The purpose of this bill is to amend section 187A-10, Hawaii Revised Statutes, to delete the bonding requirement imposed on agents designated by the Department of Land and Natural Resources to sell fishing licenses.

The bonding requirement was originally established to provide the State with a form of security for the faithful accounting, collection, and payment of fishing licenses sold by authorized agents. The cost of fidelity bonds, however, has since risen from \$3.50 to \$30 per \$1,000 of coverage. The relatively high cost of the bonding requirement in relation to income received from the licenses sold has been described by the Department as the major reason for the decline in the number of agents.

Your Committee finds that the cost of a fishing license as set by the Department is \$3.75 for residents and \$7.50 for non-residents and has not been increased in over ten years. During the same period, the commission rate for agents has been set at five percent. At this level, the various sporting goods and other general merchandising stores who act as agents cannot even hope to recover their costs of providing fishing licenses.

Your Committee finds that in addition to the elimination of the bonding requirement, the low commission rate and fishing license fee must also be addressed. In order to accomplish this, your Committee has amended this bill to raise the commission fee from five percent to ten percent. In addition, your Committee has also urged the Department to revise its fishing license fees so that they may, at least, offset the proposed increase in commission fees.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of H.B. No. 891, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 891, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 945 Tourism and Recreation on H.B. No. 892

The purpose of this bill is to amend section 183D-29, Hawaii Revised Statutes, to delete the bonding requirement imposed on agents designated by the Department of Land and Natural Resources to sell hunting licenses.

The bonding requirement was originally established to provide the State with a form of security for the faithful accounting, collection, and payment of hunting licenses sold by authorized agents. The cost of fidelity bonds, however, has since risen from \$3.50 to \$30 per \$1,000 of coverage. The relatively high cost of the bonding requirement in relation to income received from the licenses sold has been described by the Department as the major reason for the decline in the number of agents.

Your Committee finds that the cost of a hunting license as set by the Department is \$7.50 for residents and \$15 for non-residents and has not been increased in over ten years. During the same period, the commission rate for agents has been set at five percent. At this level, the various sporting goods and other general merchandising stores who act as agents cannot even hope to recover their costs of providing hunting licenses.

Your Committee finds that in addition to the elimination of the bonding requirement, the low commission rate and hunting license fee must also be addressed. In order to accomplish this, your Committee has amended this bill to raise the commission fee from five percent to ten percent. In addition, your Committee has also urged the Department to revise its hunting license fees so that they may, at least, offset the proposed increase in commission fees.

Your Committee on Tourism and Recreation 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.

SCRep. 946 Education on H.B. No. 251

The purpose of this bill is to provide transcription of instructional materials for handicapped students.

Presently, the Library for the Blind and Physically Handicapped (which is part of the Hawaii State Library System), is mandated to transcribe textbooks for the students of the department of education besides other handicapped persons who require materials in braille, large type or recorded forms. Permission must be secured from the publishers each and every time an individual student needs to have instructional material transcribed or reproduced into a media which the student can utilize.

Many times requests for permission to duplicate publications for the handicapped take a considerable amount of time to obtain, resulting in lengthy delays before the publications can be made available to handicapped persons. This bill would eliminate the need to obtain copyright clearance to transcribe textbooks and materials needed by handicapped students in their course of studies.

Your Committee has amended the bill by making minor style and language changes which have no substantive effect.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 251, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 251, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 947 Human Services on H.B. No. 150

The purpose of this bill is to revise the list of crimes enumerated in Chapter 351, Hawaii Revised Statutes (HRS), for which victims may receive compensation and to add a new section to the chapter that imposes a twelve month deadline for disposition of criminal injury

compensation claims.

With respect to the crimes for which victims may receive compensation, the bill conforms the language to changes in the Penal Code enacted in 1986 which created two degrees of murder and replaced rape, sodomy, sexual abuse, and indecent exposure offenses with offenses denominated as sexual assault in degrees from first degree to fifth degree.

This bill also revises Section 351-63, HRS, to allow the Criminal Injuries Compensation Commission to recommend to the court that the defendant or offender pay restitution to the victim as part of the sentence. Corresponding amendments are made to the sentencing provisions in Section 706-624, HRS.

In addition, this bill amends Section 351-31(d), HRS, to add to the grounds under which the Commission may suspend its proceedings, that a criminal investigation may be compromised.

Your Committee, upon consideration of all testimonies, finds that the changes to the law proposed in this measure strengthens and improves the Criminal Injuries Compensation Law.

Your Committee has amended the bill on page 1, line 9 by adding the word "or" immediately after the semicolon and before "(2)" and on page 1, line 12 by substituting the word "run" in place of the word "toll". Both changes are for the purpose of clarity and have no substantive effect.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 150, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No 150, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

SCRep. 948 Human Services on H.B. No. 430

The purpose of this bill is to establish the right of every physically handicapped person to use a life jacket or other flotation device in a public swimming pool.

Currently flotation devices are generally not permitted in public swimming pools because of the possibility of abuse by children, although in Honolulu case-by-case exceptions can be made for a disabled child. Rather than relying on the discretion of pool managers, this bill would standardize the practice statewide of allowing all physically handicapped persons to use a life jacket or other flotation device in public swimming pools, provided that: (1) the handicapped person suffers from a physical disability or condition which requires the use of a flotation device; and (2) the handicapped person obtains a signed statement by a licensed physician attesting to the handicapped person's need to use a life jacket or other flotation device.

Your Committee received testimonies in support of the bill from the Commission on the Handicapped and Hawaii Centers for Independent Living. Testimonies indicated that flotation devices are essential safety devices for most physically handicapped persons. In most cases physically handicapped persons would choose not to swim without the aid of a flotation device. However, in some cases a handicapped person may choose to swim anyway, and thus be exposed to a greater possibility of drowning.

Upon consideration, your Committee has amended the bill to include an amendment to section 347-14, Hawaii Revised Statutes, which provides for penalties for common carriers which violate section 347-13, the section which is amended by this bill to allow the use of flotation devices by physically handicapped persons. The amendment subjects all persons who violate section 347-13 to penalties rather than only common carriers because section 347-13 gives handicapped persons the right to full and equal accommodations at hotels, resorts, places of amusement, and other places of public accommodations, and is not directed solely to common carriers.

The bill has been further amended by using the preferred spelling of "flotation" in place of "floatation."

Your Committee finds that this bill, as amended, will affirm the rights of disabled persons to equal access to public recreational opportunities and help them lead full, productive lives.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 430, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No 430, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 949 Human Services on H.B. No. 1340

The purpose of this bill is to amend Section 349C-1, Hawaii Revised Statutes, to redefine "elderly person" from those who are age 65 and over to those who are age 60 and over.

Your Committee finds from testimony presented that service providers are encouraged to report cases of elderly abuse and neglect to the Department of Social Services and Housing, but those cases under the age of 65 are only recorded. The Department has no authorization to provide any assistance for those between 60 and 64, except where clients are welfare eligible. In Hawaii there are more than 30,000 people in this age group. It is important that they be offered equal protection under the elderly abuse and neglect law.

Your Committee also finds that this change will bring the Hawaii State law into conformity with Title III of the Older Americans Act which mandates that services be provided to persons age 60 and older.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 1340, 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. 950 Housing, Hawaiian Programs and Natural Resources on Gov. Msg. No. 90

Recommending that the Senate advise and consent to the nomination of ILIMA A. PIIANAIA as Chairman, Hawaiian Homes Commission, for a term ending December 31, 1990.

Signed by all members of the Committee.

SCRep. 951 Housing, Hawaiian Programs and Natural Resources on Gov. Msg. No. 91

Recommending that the Senate advise and consent to the nomination of WILLIAM W. PATY JR., as Chairperson, Board of Land and Natural Resources, for a term ending December 31, 1990.

Signed by all members of the Committee.

SCRep. 952 Human Services on H.B. No. 1738

The purpose of this bill is to amend Chapter 334, Hawaii Revised Statutes, to authorize the creation of an employment program for the chronically mentally ill in Hawaii within the Mental Health Division of the Department of Health.

Your Committee heard testimony in support of this bill by the Director of Health and the Families and Friends of Schizophrenics, as well as private citizens and mental health professionals, and finds that the Mental Health Division has been actively engaged in the development of a comprehensive system of community-based care for the chronically mentally ill. This bill would be a beneficial addition to those efforts and should serve to call attention to the need for additional funding and activities in this area.

However, your Committee believes that the bill as received is too specific and would be difficult if not impossible to implement at this time. On the other hand, your Committee commends the concept and believes that an employment program should be established as it would provide direction and impetus for the development of further employment-related activities for the chronically mentally ill. Therefore, your Committee has amended the bill by deleting all but the first sentence of section 2 of the bill in the belief that once the enabling legislation is in place, it will be possible to address the specific needs of the mentally ill as appropriate funding becomes available for such purposes.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1738, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1738, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 953 Health on H.B. No. 680

The purpose of this bill is to protect the public health by requiring employers to adopt smoking policies that accommodate the preferences of non-smokers and smokers alike.

Under this bill, every employer who has three or more employees would have to find an accommodation between smokers and non-smokers in each affected work place. Failing that,

the employer would have to adopt a policy reflecting the preference of a simple majority in each work area.

Your Committee heard substantial testimony in favor of this bill and finds that smoking is dangerous not only to smokers but also to others who must breathe secondhand smoke in confined areas. Your Committee also finds that it is consistent with your Committee's efforts to protect the public health, and not inconsistent with principals of civil liberty and personal right of choice, to allow those affected to decide for themselves whether smoking should be prohibited or permitted. However, your Committee also finds that it is inappropriate for the State to interfere with privately owned and operated business concerns. Your Committee has therefore amended the bill by deleting the contents of this bill in its entirety and including the substance of S.B. No. 350, S.D. 1, which was previously approved by the Senate.

This bill, as amended, would establish a new chapter on smoking in the workplace, which would:

1. Regulate smoking in government offices of the State and the various counties only;
2. Provide that the governor or a mayor, as the case may be, may be called upon to enforce compliance of the chapter; and
3. Provide that any member of the general public may call upon the Department of Health to enforce any violations of the chapter.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 680, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 680, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 954 Health on H.B. No. 889

The purpose of this bill is to allow the Department of Health to release confidential medical or epidemiological information on sexually transmitted diseases to appropriate specific agencies for the control and treatment of sexually transmitted diseases, as specified by administrative rule.

Your Committee finds that all information relating to sexually transmitted diseases should be held in strict confidence and not be subject to subpoena. However, your Committee also finds that the safety and health of the community necessitates that confidential information be released under certain circumstances. This bill will allow the Department to release information to blood banks, plasma centers, and donor and tissue banks concerning individuals who may have blood-borne sexually transmitted diseases, but only with the strict admonition that any such release must be by confidential written communication and with further provision that no one shall be compelled to consent to the release of information protected under the law in order to obtain or maintain housing, employment, insurance, or education.

After full consideration of the issue, your Committee has determined that the Department should have the authority to release information to schools, preschools, and day care centers under circumstances specified by administrative rules adopted pursuant to this bill, as long as strict confidentiality is maintained. Your Committee has amended the bill accordingly.

Your Committee also believes that oral communication is even safer than written communication in many cases because there is nothing in writing that can fall into the wrong hands. Therefore, your Committee has further amended the bill by providing that release of information under this bill is not confined to one method or the other but must be confidential. To emphasize this point, your Committee has also amended the bill by adding a provision obligating the receiver of the information to the same strictures of confidentiality as the transmitter.

Your Committee has further amended the bill by making technical changes which have no substantive effect.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 889, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 889, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 955 Health on H.B. No. 378

The purpose of this bill is to require health care professionals and laboratory directors to report to the Department of Health cases in which a patient is afflicted with an environmentally-related illness or injury.

The active surveillance of all pesticide, lead, and other environmentally-related incidents is important to the understanding, prevention, and control of such incidents. For decades, statistics have been kept on a variety of natural diseases. It has now become necessary to gather similar data on environmentally-related illnesses and injuries. Such data are essential to the understanding of the full extent and severity of environmentally-related problems.

Your Committee received testimony in support of this measure from the Department of Health, the American Lung Association of Hawaii, and the Hawaii Medical Association, and finds that reporting of environmental illnesses or injuries is necessary to protect the public health. However, your Committee believes that the designation of such conditions and appropriate surveillance by the Department should be left to the discretion of the Director of Health. Your Committee has amended the bill to reflect that intent.

Your Committee also believes that the definition of health care professional, as provided in this bill, is too broad, and, therefore, has further amended the bill by limiting that definition to physicians and osteopaths, those professionals who provide the full range of health care and are most likely to come across cases of environmental illness or injury.

Your Committee has also amended the bill by clarifying that it is licensed clinical laboratory directors who have an obligation to report; by deleting the word "potentially", modifying the word "toxic", from the definition of "environmentally-related illness or injury"; and by making technical changes which have no substantive effect.

It is the intention of your Committee that no additional tests shall be mandated by this measure.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 378, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 378, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 956 Health on H.B. No. 46

The purpose of this bill is to raise from fifteen years to eighteen years the age at which a person may purchase tobacco products.

According to experts in the health field, the use of tobacco products is the single most important preventable cause of death and illness in the United States. Your Committee believes that this bill will reduce the proportion of tobacco users among young people, who tend to continue their habits into adulthood.

Your Committee has amended the bill as follows:

- (1) Provided that the lettering of signs advising minors of the law shall be at least one-half inch high if posted on or near a vending machine, and at least one inch high in other locations;
- (2) Clarified that tobacco includes chewing tobacco and snuff;
- (3) Made it illegal for a minor to purchase tobacco;
- (4) Provided a minimum fine of \$100 and a maximum of \$1,000 for selling tobacco to a minor;
- (5) Provided a fine of \$10 for the first violation by a minor, and \$50 for all subsequent violations or forty-eight to seventy-two hours of community service;
- (6) Rewritten parts of Section 1 to emphasize the intent of this measure to reduce the number of young smokers and prevent those who do not yet smoke from taking up the habit; and
- (7) Made technical changes which have no substantive effect.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 46, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as

H.B. No. 46, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 957 (Joint) Health and Human Services on H.B. No. 1510

The purpose of this bill is to clarify the definition of child abuse or neglect for reporting purposes and expand the categories of persons required to report.

This bill would increase the protection of children by clarifying the situations which must be reported. Also, professionals and officials mandated to report child abuse or neglect would be able to do so not only when examining, attending, or treating the child victim, but also when treating, examining, attending, or servicing other family members from whom information of possible child abuse or neglect is obtained. This bill also addresses confidentiality with respect to reporting and the consequences of non-reporting.

Your Committees find that this bill will provide a clearer delineation of the community's responsibilities in ensuring that children are afforded maximum opportunity to grow up in a safe and protective environment.

Your Committees have amended this bill by deleting the words "sexual assault in any degree" from the definition of "child abuse or neglect" on page 4, line 15, and inserting the words "rape, sodomy" which are terms that are more familiar to potential reporters of child abuse or neglect.

Your Committees have further amended the bill by making technical changes which have no substantive effect.

Your Committees on Health and Human Services are in accord with the intent and purpose of H.B. No. 1510, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 1510, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 958 Business Development and Pacific Relations on H.B. No. 11

The purpose of this bill is to transfer the powers, functions, and duties of the Aloha Tower Development Corporation to the Hawaii Community Development Authority.

After giving full consideration to this issue, your Committee finds that the transfer of authority, as contemplated by this measure, is premature at this time because of an array of unresolved issues and problems which will significantly influence future Aloha Tower development. However, your Committee finds that the redevelopment area should include the Hawaiian Electric power plant whenever the development is accomplished.

Therefore, your Committee has amended the bill by deleting its substance, with the exception of section 6 which describes the boundaries of the Aloha Tower Complex (section 260J-3, Hawaii Revised Statutes), and has amended that section to provide that the Aloha Tower Complex "shall also include all fast and submerged lands bounded by Nimitz Highway beginning at the Diamond Head termination of the Nimitz Highway-Irwin Park boundary along Nimitz Highway to its intersection with Pier 4; along Pier 4; from the Makai end of Pier 4 to the Makai end of Pier 7; continuing to the point of intersection of Piers 8 and 9." This amendment will include Hawaiian Electric's power plant in the Aloha Tower Complex.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 11, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 11, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 959 Government Operations on H.B. No. 1013

The purpose of this bill is to require that, as a precondition to recovery on the bond, written notice be provided to general contractors by all persons who furnished labor or materials for public works projects (i.e. suppliers) and who have not been paid within ninety days from the date the materials were furnished or that person's portion of the job was completed.

The new statutory language is derived from the Miller Act, 40 USCA 270a, et seq. The notice will be given by registered or certified mail.

Currently, it is common for suppliers of subcontractors in a public works projects, who have no direct contractual relationship with the general contractor, not to give notice of their involvement in a job to the general contractor. When such a supplier is not paid by the subcontractor, the supplier must wait until two months after the publication of the notice of settlement before bringing a claim against the general contractor's payment bond. By that time, the general contractor has often received total payment for the job. Therefore, these claims must be paid by the bonding company. These bonding companies usually require the general contractor to indemnify them for all payments on the bond. In these cases, the general contractor has recourse against the subcontractor, though the subcontractor has usually exhausted the funds it received for the job. The result is that the general contractor ends up paying for such labor and materials twice.

Your Committee has amended Section 3 of the bill by changing the effective date of the Act from "upon its approval" to "January 1, 1988" to allow the industry to revise their procedures and documents, and made technical changes which have no substantive effect.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 1013, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1013, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 960 Government Operations on H.B. No. 1173

The purpose of this bill is to authorize the counties to establish the replacement fee for lost or stolen dog license tags. Until such action is taken, this bill increases the fee from 10 cents to 25 cents.

Presently, the counties are allowed to charge 10 cents for the replacement of a metal license dog tag.

Your Committee, upon consideration of this bill, amended the bill to eliminate the charge for duplicate dog tags. The administrative cost of collecting and accounting for this fee exceeds the revenues derived. Your Committee finds that the counties can more simply and efficiently fund their dog licensing programs by adjusting the initial licensing fee since they are already authorized to set the initial licensing fee by ordinance.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 1173, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1173, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 961 Government Operations on H.B. No. 1222

The purpose of this bill is to repeal Part VIII of Chapter 281, Hawaii Revised Statutes, which requires an "affirmation" from each supplier doing business in Hawaii that they will not sell or offer to sell any item of liquor in any state or the District of Columbia at a price lower than the price for which the same item is sold or offered for sale to Hawaii wholesalers.

Your Committee finds that the "affirmation law" is an important law for the protection of consumers and, therefore, rejects the suggestion that it be repealed.

Responding to concerns about the current regulatory scheme's application to military organizations, your Committee amended the bill by deleting the repeal of Part VIII of Chapter 281 and inserting language which allows liquor sold to military buyers an exemption from the requirements of unloading at the warehouse of a licensed wholesaler and remaining "at rest" for 48 hours. The liquor would still need to be taken to the wholesaler's warehouse, but would not need to be unloaded or retained for the 48-hour period. This exemption is not available to wholesalers operating under the exemption conferred by section 2 of Act 293, Session Laws of Hawaii, 1983.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 1222, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1222, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 962 Government Operations on H.B. No. 1230

The purpose of this bill is to authorize the counties to establish a permit procedure to regulate the construction and use of motocross tracks.

Your Committee has been informed of instances where agriculturally zoned land near residential neighborhoods is used for motocross racing. The noise created by the motorcycles is a nuisance to nearby residents.

Upon consideration, your Committee has amended the entire bill by deleting the proposed house language making reference to Chapter 46, Hawaii Revised Statutes (HRS), and inserting a provision into Section 205-4.5, subsection (6), HRS, which removes motocross tracks as a permissible recreational use on lands within agricultural districts. In making this amendment, it is your Committee's intention to require that a special permit be obtained in order to use agricultural land for a motocross track.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 1230, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1230, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 963 Government Operations on H.B. No. 1484

The purpose of this bill is to better regulate group living arrangements, clearly define the facilities requiring licensure, expand the conditions of such licensure and strengthen the enforcement provisions of the law.

Your Committee notes that, in recent years, emotionally and socially disabled individuals have been encouraged to enter group living arrangements as a transitional step to full independent living. Sometimes, these disabled persons are victimized or disrupt neighborhood peace and tranquility. Law enforcement efforts have been ineffective in controlling these problems.

Your Committee received testimony on this bill from the Director of Health, the State Planning Council on Developmental Disabilities, the Commission on the Handicapped, the Hawaii Centers for Independent Living, the John Howard Association of Hawaii and the Protection and Advocacy Agency of Hawaii and finds that the bill is necessary to adequately regulate group residences for the protection of the occupants and the neighborhood community.

Your Committee received testimony from the Protection and Advocacy Agency of Hawaii concerning the scope of proposed subsection (8) of section 455-95, Hawaii Revised Statutes (HRS). It is the intent of your Committee that the term "health care services" refer only to health care services which are defined and regulated under other sections of the HRS such that it does not include assisting with medication, live-in personal care service attendant, etc.

Your Committee amended the bill by replacing the words "purport to deliver", on line 7 on page 5 with the word "provide."

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 1484, 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. 1484, H.D. 2, S.D. 2.

Signed by all members of the Committee.

SCRep. 964 Corrections on H.B. No. 536

The purpose of this bill is to require the Department of Social Services and Housing (DSSH) to enforce payment of restitution orders by incarcerated prisoners.

Present laws require that moneys earned by prison inmates on work furlough go toward satisfying their restitution obligation but there is no similar requirement for convicted persons confined to a correctional institution.

Your Committee received supporting testimonies from the DSSH and the Department of the Prosecuting Attorney, Victim/Witness Kokua Services. Testimony from the Victim/Witness Kokua Services indicates that the current law has been used by some inmates as a rationale for requesting release into work furlough. Other inmates, however, view incarceration as a means of hiding from responsibility, in particular their obligation to repay the victim for losses caused by the inmates' actions. It was also stated that it is reassuring to many victims that the offender is being required to pay as a way to accept responsibility for their actions. Further,

the anticipated development of prison industries is likely to make additional income available from where more sums could be utilized to satisfy restitution requirements.

There are also some important positive effects that restitution repayment have on the inmate. The criminal, according to the Victim/Witness Kokua Services, may develop a degree of self-respect and pride in knowing that he or she has righted the wrong committed.

Your Committee, upon consideration of this bill and review of all testimonies, finds that restitution can serve a salutary purpose in a penal setting.

Your Committee has amended Section 1 of the bill to remove the requirement that a request in a court order trigger the enforcement of a restitution order by the Director of Social Services and to include interest on moneys earned as subject to restitution orders. Section 1 has been further amended to clarify that moneys earned by prisoners on work furlough pursuant to section 353-22.5, Hawaii Revised Statutes, are not subject to the provisions of the proposed new section.

Your Committee on Corrections is in accord with the intent and purpose of H.B. No. 536, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 536, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 965 Planning and Environment on H.B. No. 377

The purpose of this bill is to clarify the membership criteria and composition of the State Environmental Council.

Your Committee received numerous testimonies and notes that the Environmental Council serves as a major liaison between the State and the general public in matters concerning ecology and environmental quality. One of the primary responsibilities of the Council is to prescribe rules and procedures for implementing the Environmental Impact Statement Laws. Testimonies indicate that the Council must include members with broad base expertise in environmental matters to intelligently and responsibly carry out their duties.

Your Committee received some testimonies which expressed concerns about extending membership to individuals actively involved in the preparation of environmental assessments and impact statements, as it would possibly lead to questions of ethics and conflict of interests by these individuals which could undermine the public's confidence in the Council's actions.

Your Committee, upon careful review of this bill and consideration of all testimonies, finds that this bill will be strengthened with the membership exclusion of individuals actively involved in the preparation of environmental assessments and impact statements and has amended the bill accordingly.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 377, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 377, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 966 Planning and Environment on H.B. No. 1849

The purpose of this bill is to prevent the potential contamination of ground water resources with pesticides by prohibiting the mixture of pesticides with water which can occur when a pesticide mixing tank is connected by a hose with a well-head.

Currently, the contamination occurs when a sudden loss of pressure at the well-head, or water source, causes siphoning from the pesticide tank.

Your Committee received numerous testimonies and concurs with the recommendations from the Board of Agriculture and Department of Health that the intent of this bill would more appropriately be enforced under the Department of Agriculture's Pesticides Law, Chapter 149A, Hawaii Revised Statutes (HRS).

Your Committee has therefore amended the entire bill by deleting all reference to Chapter 340E, HRS, and adding an amendment to Section 149A-31, HRS, prohibiting the filling of pesticide tanks or introduction of pesticides into an irrigation system unless it is equipped with an air gap or reduced-pressure principle backflow device meeting the requirements under Section 340E-2, HRS.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 1849, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1849, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 967 Planning and Environment on H.B. No. 1209

The purpose of this bill is to improve the environmental quality of State waters by providing for an affirmative duty to report unlawful discharge of pollutants and for an increase in the penalty for violating the water pollution provisions.

Specifically, this bill will:

- (1) Require that anyone causing an unlawful discharge report the incident to the Department of Health within twenty-four hours of the discharge;
- (2) Provide the Department of Health with the authority to investigate an incident or report, assess the adequacy of corrective actions and prescribe additional actions if necessary;
- (3) Increase the penalty for harbor violations from \$1,000 to \$10,000; and
- (4) Provide for an increase in fines for violations of Part III of Chapter 342, Hawaii Revised Statutes, from \$2,500-\$25,000 per day of violation to \$25,000-\$100,000 as well as an increase in the maximum term of imprisonment from one year to five years.

Your Committee finds that recent experiences involving the monitoring and regulation of untreated sewage discharges from interisland cruise vessels have uncovered several limitations in the State's authority to impose penalties and sanctions which are comparable to the severity of repeated pollution infractions. Untreated sewage discharges not only cause significant damage to the environment but they also pose potential hazards to human health and safety. This bill will provide the State departments of Health and Transportation with the means to be better informed of potentially harmful discharges and the authority to assess fines more comparable to the severity and frequency of pollution infractions.

Your Committee received numerous testimonies, all of which were in support of this bill, and finds that this measure will insure the health, safety and protection of our environment.

Your Committee upon consideration of the Attorney General's recommendation has amended the bill by eliminating the provision on fines in Section 1, subsection (c), as fines relating to this Section are adequately addressed in Section 3, subsection (e) and by providing that the new section 342- , Hawaii Revised Statutes, will be placed in part III of chapter 342, Hawaii Revised Statutes, which deals with water pollution.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 1209, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1209, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 968 Consumer Protection and Commerce on H.B. No. 1931

The purpose of this bill was to deregulate interest rate ceilings on credit cards.

This bill provided for the deregulation of interest rates on credit cards with a proviso that an 18 percent ceiling would be reimposed on cards issued after June 30, 1991 so that the Legislature could review the effects of a deregulated credit card interest environment. The bill also provided for uniform disclosure by credit card issuers of annual interest rates, fees, and other charges which might be incurred by cardholders.

Your Committee considered testimony by the Department of Commerce and Consumer Affairs, the Hawaii League of Savings Institutions, the Retail Merchants of Hawaii, and the Hawaii Credit Union League, all of whom supported the bill and the concept of deregulation on the grounds that competition is the catalyst which will produce the most favorable rates for consumers.

The full disclosure provisions of the bill were also endorsed. Your Committee, however, has

serious reservations with respect to the anticipated favorable consequences of deregulation, recalling that in the recent past, credit card interest rates locally had not demonstrated interest rate decreases commensurate with the substantial decrease in the prime rate since 1980. Only recently have local credit card interest rates shown an inclination toward reduction, and this only to 15-16 percent, still more than double the current prime rate of 7.5 percent.

Your Committee is impressed, however, with the advisability of requiring complete disclosure to prospective credit card holders of such essentials as the annual interest rate, annual fee and related charges, for that would assist consumers to make an informed decision about entering into a credit card contract. The disclosure of language of H.B. No. 1931, H.D. 1, has, therefore, with editorial changes, been retained, with one exception: not to require complete disclosure in advertisements. Under Regulation Z, Federal Truth in Lending Act, the creditor shall furnish a complete disclosure statement required by Section 226.6 before the first transaction is made under a credit card plan. This is intended to require disclosure before submission of an application to open a credit card plan, as provided by the bill. Accordingly, your Committee deleted the word "advertisement" from the disclosure language of this bill and editorially modified the remaining disclosure provisions in the interest of clarity.

Your Committee is of the further opinion that a distinction must be made between bank, or three-party, credit cards and retail, or two-party, cards, for they are basically different contractual arrangements:

- (1) "Two-party" refers to the merchant-customer relationship. "Three-party" refers to the issuing financial institution, the cardholder, and the retail outlet at which goods or services are obtained on credit.
- (2) The retail card promotes identification with a specific merchant, while the bank card identifies with a universal card.
- (3) Retail cards usually have no annual fee but are financed by monthly interest charges on accounts not kept paid in full within the grace period. Bank cards usually have annual fees as well as finance charges, and may have other handling fees.
- (4) More households have retail cards than bank cards, which usually are held by persons of higher than average income.
- (5) Retail cards are usually easier to obtain than bank cards, and frequently are the first credit card arrangement entered into by young people.
- (6) Retail cards average a \$200 balance, while bank cards average \$800, and thus the latter can generate more revenue at lower rates than can the former.

Moreover, your Committee is aware that when retail merchants accept a bank credit card in a transaction, they customarily are assessed a charge-back fee ranging from one percent to five percent by the financial institution which administers the card. The retailer is obliged to pass this cost along to his customers and this adds to his cost of doing business. It is apparent, therefore, that there must be provided a differential beneficial to merchants who honor bank cards in their transactions, even though they issue their own credit cards. Your Committee has amended this bill by adding language to distinguish two-party credit cards from bank three-party credit cards, and by allowing retail cards a three percent higher annual interest rate than that allowed bank cards as established by this bill as amended, with these provisos:

- (1) The retail merchant must honor bank cards;
- (2) The retail card must remain "free," subject to no annual or other periodic fee;
- (3) The grace period for payment of the debt must not be abbreviated or eliminated; and
- (4) No other conditions or stipulations adverse to consumer and cardholder interest may be imposed.

In making its substantive amendments of this bill, your Committee has considered the familiar arguments against the imposition of a credit card interest rate ceiling, i.e., that it would (1) limit the availability of credit, often affecting principally the lower income families; (2) result in reduced customer services; (3) lead to increased annual fees and other handling charges; (4) stimulate higher retail prices; and (5) lead to the elimination or curtailment of grace periods for payment.

Additionally, your Committee is informed that bank cards are being marketed by mainland banks at rates well below those charged by banks in Hawaii. In February, 1987 a rate of 10.5

percent was in effect for cards issued nationally by four banks in Arkansas, and New York banks are now offering full-service credit cards to consumers out of state at rates of 12-12.5 percent. Your Committee is disposed, therefore, to place reasonable restraints on credit card interest rates in this State, and has decided to establish a mechanism for determining a fair interest rate for both bank and retail credit cards.

The fixed operating costs of a credit card system (facilities, salaries, utilities, postage, etc.) come to 50-60 percent, and the cost of money is about 40 percent. This strongly points to the validity of reliance upon an available, well-regarded indicator such as the semiannual prime rate as the basis of determination of an allowable credit card interest rate at a level which would enable both the card issuer and cardholder to proceed with their commercial relationship. Your Committee feels that a rate of 7 percent above prime is reasonable, and that a responsible reading of the semiannual prime rate, to be made by the Commissioner of Financial Institutions, should well serve as the basic indicator for this purpose. Accordingly, your Committee has amended this bill to delete the deregulation provisions and to provide a prime rate-relevant approach, confident that in this way lies stability in credit card interest rates in Hawaii.

Your Committee is aware that of the many bank credit cards being offered to consumers on the mainland at lower interest rates than those in Hawaii, the vast majority do not reduce the grace period for debt payment, nor do they charge annual service fees above the \$15-\$20 range, or impose other stipulations adverse to consumer interest. Your Committee recognizes that any change in the grace period or the impositions of other conditions adverse to consumer interest should reflect cost savings to credit card administrators. Your Committee has, therefore, provided a 3 percent reduction in the allowable interest rate should any of these things occur. There is also language which provides that encroachment on consumer interest as noted above is subject to consumer complaint, and it identifies the Director of Office Consumer Protection as the appropriate official to receive such complaints.

In summary, your Committee has amended this bill to establish an 18 percent ceiling on credit card interest rates, subject to the following qualifications:

- (1) Bank cards shall be limited to an annual interest rate of 7 percent above the semiannual prime rate as determined by the Commissioner of Financial Institutions, but in no event shall that rate exceed 18 percent.
- (2) Retail cards shall receive a 3 percent differential above the rate established for bank cards, but in no event shall it exceed 21 percent. Further, the 3 percent differential is contingent upon the retail card remaining "free" with no annual or other periodic fee; no curtailment or elimination of the grace period for debt payment; and the imposition of no other conditions or stipulations adverse to the interests of consumers and cardholders.
- (3) Retail cards issued by merchants who do not honor bank cards in their operation and thus who are not subject to a chargeback fee by the administering bank, are precluded from the 3 percent differential, and in no event may utilize an interest rate greater than 18 percent.
- (4) If the administration and management of bank cards involves actions adverse to consumer and cardholder interest, and exceeds or violates contractual provisions (e.g., elimination of the grace period or increase of the periodic fee without due notice), the allowable interest rate for the card concerned shall be reduced 3 percent in recognition of the cost advantage of such action.

Your Committee has also amended the bill to provide that credit card interest rates shall become effective thirty days after publication of the semiannual prime rate by the Commissioner of Financial Institutions. Subsection 226.9(c), Regulation Z, Federal Truth in Lending Act, requires written notice of rate changes to each customer affected, at least fifteen days prior to the effective date of the change.

Finally, your Committee has made this bill effective thirty days following its approval.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1931, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1931, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi and Matsuura.

The purpose of this bill was to delete the July 1, 1987 termination date of Act 107, Session Laws of 1984, relating to the arbitration of disputes involving horizontal property regimes.

Upon consideration of this bill, your Committee elected to delete its substance and to provide instead for the increased disclosure to prospective purchasers of condominium dwelling units of various aspects of the governance of such projects. The bill as amended would expand section 514A-13(h), Hawaii Revised Statutes, to require that the actual or potential exercise of voting rights by owners of areas such as lobbies, swimming pools, trash chutes, and saunas be made known to prospective purchasers, and that failure to disclose would constitute justification for avoidance of a sale for a period of five years after the date of sale.

The amended bill also extends the mandate for free ingress and egress to apartment owners (section 514A-13.5) to all horizontal property regimes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 285, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 285, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi and Matsuura.

SCRep. 970 Consumer Protection and Commerce on H.B. No. 413

The purpose of this bill is to provide a definition for the practice of pharmacy.

Presently there is no provision in Chapter 461, Hawaii Revised Statutes, which defines the practice of pharmacy. This bill defines the practice of pharmacy to determine which persons are to be licensed as pharmacists and to distinguish the various activities that constitute the practice of pharmacy.

Your Committee received supporting testimony from the Board of Pharmacy and finds that this bill will strengthen the regulation of pharmacy and provide added protection for consumers.

Your Committee has amended the bill by deleting the sentence: "Statutory material to be repealed is bracketed.", on page 2, line 21, to conform with proper bill drafting style.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 413, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 413, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator B. Kobayashi.

SCRep. 971 Consumer Protection and Commerce on H.B. No. 486

The purpose of this bill is to make it a discriminatory practice to refuse to enter into a real estate transaction with a blind or deaf person because the person uses the services of a guide, service, or signal dog.

Your Committee received supporting testimony from the Eye of the Pacific Guide Dog and Mobility Services, Inc., the Aloha Council of the Blind and Visually Impaired, the Commission on the Handicapped, Hawaii Centers for Independent Living, the Department of Social Services and Housing, the Hawaii Association of Realtors, the Hawaii Association of the Blind, and Gail Clark and Linda Cote'.

Your Committee is convinced that guide and signal dogs are an essential aid to independent living and mobility for deaf and blind people. These dogs should not be construed as pets. On the contrary, they must meet rigorous standards of competence and are recognized throughout the world as serious work animals.

Your Committee has amended the bill by deleting the words "qualified or" on page 3, line 19, because certification is the most appropriate determination as to whether the animal is qualified. Your Committee has also amended the bill by deleting the reference to "physically handicapped" and inserting "blind or deaf" to more specifically define the persons who need guide or signal dogs.

Your Committee has further amended the bill by providing definitions of "blind" and "deaf", by deleting all references to "service dogs" because "guide" and "signal" dogs specifically serve blind and deaf people, and by making a technical change which has no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and

purpose of H.B. No. 486, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 486, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi and Matsuura.

SCRep. 972 Consumer Protection and Commerce on H.B. No. 489

The purpose of this bill was to extend the term of the Board of Examiners in Optometry to Dec. 31, 1993 and to amend Chapter 459, Hawaii Revised Statutes (HRS), to reflect the recommendations of the Legislative Auditor pursuant to the sunset review report 87-1.

Specifically, this bill would:

- (1) Ensure the continuation of the Board of Examiners in Optometry (Board) and its power and authority as provided for in Chapter 459, HRS, by extending the chapter "sunset date" to December 31, 1993;
- (2) Eliminates the requirement that an applicant be a graduate of an optometric college located in the United States;
- (3) Provide definitions of "board" and "director";
- (4) Increase the number of members of the Board from five to seven members, five of whom are required to practice optometry, and two are public members. Also require that one of the five licensed optometrists be from a county other than Honolulu;
- (5) Removed the prohibitions of advertising in the following manners: (A) Offering vision correction devices at a discount or premium for the purchase of any article of merchandise, and (B) To claim superiority over other optometrists;
- (6) Eliminate some of the reasons for refusing or suspending licensure in optometry; and
- (7) Repeal section 459-10, HRS, which has content requirements for all advertising of ophthalmic goods or services.

Your Committee received testimonies from the Hawaii Optometric Association and the Board of Examiners in Optometry, both of which recommended that the advertising restrictions remain in the statutes, as these provisions protect the consumer from fraudulent and deceptive practices. Your Committee concurs with this recommendation and has amended the bill by deleting sections 6 and 7 of the bill.

Your Committee also amended the bill by adding a provision regarding "reciprocity", using the language from the companion bill, S.B. No. 1341, S.D. 1 which requires the Board to adopt rules that will allow for reciprocal licensure of optometrists who are duly licensed in other states or in any other jurisdiction. It is the intent of your Committee not to discriminate against new Hawaii residents whose optometric qualifications meet or exceed those of this state.

The bill has been further amended to make nonsubstantive changes for the purpose of clarify and conformance with recommended drafting style. Your Committee has also deleted section 5 of the bill because there are no amendments to section 459-8, HRS, contained therein.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 489, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 489, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki and B. Kobayashi.

SCRep. 973 Consumer Protection and Commerce on H.B. No. 492

The purpose of this bill was to implement recommendations of the Legislative Auditor's office pursuant to its sunset report on the Board of Massage.

Specifically, the bill would do the following:

- (1) Extend the Board of Massage until December 31, 1993;
- (2) Exempt a licensed massage therapist who does not operate a business employing other

persons from the requirement for an out-call service license unless the therapist is affiliated with a business providing massage as an adjunct service;

- (3) Specify that members of the Board of Massage must be licensed massage therapists but cannot be affiliated with any school teaching massage or sponsor an apprentice for licensure;
- (4) Require that an applicant for examination complete academic training in anatomy, physiology, and the theory and demonstration of massage which is not confined to any specific system or method of massage; and
- (5) Provide that the examination for a license shall consist of a one-part written examination which is not confined to any one specific system or method.

Your Committee received testimony from the Board of Massage in opposition to the proposals to bar Board members from associating with massage schools and to eliminate the practical examinations. Your Committee concurs with the testimony and finds that prohibiting Board members from affiliating with any massage school is overly restrictive and that the practical "hands on" examination is an essential evaluation of a massage therapist's skill. The bill has been amended accordingly. In addition, the bill has been further amended to require the Board of Massage to submit a proposal to the legislature on standards of competency for the practical examination required under section 452-14, Hawaii Revised Statutes, before the convening of the Regular Session of 1988.

Your Committee has also made a technical change which has no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 492, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 492, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator B. Kobayashi.

SCRep. 974 Consumer Protection and Commerce on H.B. No. 518

The purpose of this bill is to create two new statutory chapters, one relating to the regulation of collection agencies and the other to prohibit certain practices in the collection of debts.

Your Committee received testimonies from the Department of Commerce and Consumer Affairs, the Hawaii Bankers Association, the Hawaii Financial Services Association, the Hawaii League of Savings Institutions, and the Hawaii Credit Union League, all in support of the bill.

The current law on collection practices contained in Chapter 443A, Hawaii Revised Statutes, has created confusion among debtors and creditors. This bill clarifies the confusion by repealing Chapter 443A and creating two new chapters relating to: (1) standards for professional collection agencies, and (2) regulation of collection practices utilized by debt collectors in collecting consumer debts.

The former establishes registration and bonding requirements for collection agencies, and provides for automatic suspension and subsequent termination of registration for failure to keep the bond requirement. It is the intent of your Committee to protect creditors from unscrupulous or dishonest collection agencies, and to protect debtors from abusive collection agencies.

The second new chapter deals with collection practices in general and establishes standards of practices which would be prohibited in any commercial debt collection activity.

Your Committee finds that this bill provides necessary protection to the consumer without unnecessarily or inappropriately hampering legitimate business activities.

Your Committee has amended the bill by substituting the word "incurred" for the word "increased" in line 22, page 18, and making technical changes which have no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 518, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 518, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi and Matsuura.

SCRep. 975 Consumer Protection and Commerce on H.B. No. 528

The purpose of this bill is to ensure that Section 408-14, Hawaii Revised Statutes, is not affected by the enactment of Act 167, Session Laws of Hawaii 1983.

Act 167 is the Hawaii Business Corporation Act which passed the Legislature in 1983, but will take effect on July 1, 1987. Section 8 of the Act amends Section 408-14, relating to industrial loan companies. The amendment to Section 408-14 made by Act 167 has already been effected by subsequent legislation (Act 234, SLH 1984) and in addition, other changes to the section have been made since 1983. To retain the changes to Section 408-14 which have been enacted since 1983, it is necessary to repeal Section 8 of Act 167 before it takes effect on July 1, 1987.

Your Committee received favorable testimony from the Department of Commerce and Consumer Affairs on this bill.

Your Committee has amended the bill by adding the sentence "[, notwithstanding section 416-31 to the contrary]" on page 2, line 12; deleting the word "the" and the semi-colon on page 3, line 2, and substituting the word "such" and a period, respectively; deleting the sentence "provided no company may issue the certificates or receive those amounts unless the company is a corporation organized and operating in good standing under the laws of this State." on page 3, lines 3-6; and by adding two quotation marks after the period on page 3, line 12 to conform to Section 408-14, HRS, as set forth in Act 167, SLH 1983 and to recommended drafting style.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 528, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 528, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki and B. Kobayashi.

SCRep. 976 Consumer Protection and Commerce on H.B. No. 872

The purpose of this bill was to reduce asbestos related hazards by ensuring that only properly trained contractors engage in asbestos related activities.

The bill would create a new chapter in the Hawaii Revised Statutes to provide for the licensing of asbestos contractors as provided for by departmental rules. The provisions for licensing would include such items as examination, employee registration, training, hazardous waste removal, and the completion of continuing education programs. The bill would also impose criminal penalties for knowingly hindering or delaying the duties of the various departments while implementing this bill. For those contractors possessing a classified specialty license related to asbestos removal (C-68) or a building, moving and wrecking contractor (C-24), the bill allows one year from the effective date of the Act to obtain the license. This bill further establishes clear standards for the performance of asbestos related activities and ensures that the safety of individual workers receive the highest priority.

Your Committee received support for this bill from the Contractors License Board, the University of Hawaii, the Legislative Center, who represented the Hawaii Flooring Association, the Hawaii Roofing Contractors' Association, and the Mason Contractors of Hawaii.

Your Committee, upon consideration of the testimony presented, has amended the bill by clarifying the exclusion of the Board's authority over the permitted activities of a contractor by specifically limiting the exclusion to activities in which "friable asbestos" cannot be admitted in the air.

Your Committee has further amended the bill by making minor language and clarifying changes which have no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 872, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 872, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator B. Kobayashi.

SCRep. 977 Consumer Protection and Commerce on H.B. No. 1244

The purpose of this bill was to provide full disclosure to the consumer if inferior or non-tested crash parts are used in the repair of a motor vehicle. The bill would also make it illegal for motor vehicle repair dealers, mechanics, or apprentices to use non-tested crash parts

unless certain requirements are met.

Your Committee heard testimony on both sides of this issue and finds that consumers are entitled to know that the replacement parts they are offered may or may not be of the same quality as the original manufacturer's parts, but bear the ultimate responsibility in deciding whether they will accept or reject the parts offered. Therefore, your Committee has amended the bill as follows:

- (1) Deleted the words "other than used parts or parts manufactured by anyone other than the original vehicle equipment manufacturer" from the definition of "crash parts" on page 1, and the word "generally" from that same definition;
- (2) Reworded the disclosure statement provided on page 4, lines 4 to 12 to read "Crash parts not manufactured or supplied by the original vehicle equipment manufacturer may or may not be of the same quality as the original vehicle equipment parts";
- (3) Amended the provisions relating to use of replacement crash parts by deleting the conditions that they must be of the original vehicle equipment manufacturer's quality and certified by an independent testing laboratory to be of equal or greater quality than the original parts;
- (4) Clarified that the vehicle owner must agree to the use of crash parts which are not manufactured or supplied by the original manufacturer before such may be used;
- (5) Deleted the penalty provision because this is already provided in sections 437B-12 and 22, Hawaii Revised Statutes; and
- (6) Changed the effective date of the bill to September 1, 1987.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1244, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1244, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki and B. Kobayashi.

SCRep. 978 Consumer Protection and Commerce on H.B. No. 1857

The purpose of this bill was to clarify that causes of action for unfair and deceptive practices are for the protection of consumers.

Your Committee has amended the bill by deleting its substance, and inserting a new section to be added to Chapter 486, Hawaii Revised Statutes, which would require retail dispensers of gasoline to post the price per gallon on each pump, and to require retail dispensers who employ outside signs for advertising unleaded regular gasoline to indicate on such signs the price per gallon and the conditions under which the price is discounted, if such be the case.

Your Committee finds that Hawaii is the only state in which dealers post gasoline prices by the liter rather than per gallon, an anomaly which would be remedied in part by passage of this bill. Your Committee further finds that posting prices by the gallon would be beneficial to the consumer inasmuch as consumers are familiar with comparing prices and estimating mileage by the gallon but not by the liter.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1857, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1857, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 979 Consumer Protection and Commerce on H.B. No. 1617

The purpose of this bill is to amend section 515-3, Hawaii Revised Statutes, to make it a discriminatory practice for a person to solicit or require as a condition of a real estate transaction that a buyer, renter, or lessee be tested for human immunodeficiency virus infection (HIV), the causative agent of acquired immune deficiency syndrome (AIDS).

Your Committee received testimony from the Life Foundation in support of this bill. Your Committee also received testimony from the Department of Commerce and Consumer Affairs to the effect that they do not oppose the concept although they have not had complaints of such

discrimination on which to build an informed opinion.

Your Committee, after reviewing the testimony, finds that there is reason to believe that discrimination in housing against AIDS victims exists to some extent, or could come into being. Your Committee further finds that requiring a potential buyer, renter, or lessee to be tested for HIV infection as a condition precedent to entering into a real estate transaction is an unwarranted invasion of privacy that may constitute a violation of the person's civil rights. Therefore, your Committee finds that there is a need for the protection afforded under this measure.

Upon review of the bill, your Committee finds that the proposed new language does not fit into the structure of section 515-3 and has, therefore, amended the bill to create a new section in Chapter 515 containing the language which was proposed for insertion into section 515-3.

Your Committee has further amended the bill by adding language to section 515-3 which makes HIV infection a prohibited basis for discrimination in a real estate transaction. Your Committee believes that this amendment is necessary to further deter discriminatory practices and provide legal protection for persons inflicted with AIDS, ARC, or HIV infection.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1617, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1617, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki and B. Kobayashi.

SCRep. 980 Consumer Protection and Commerce on H.B. No. 1585

The purpose of this bill was to require that certain documents be kept in the condominium managing agent's office, available to prospective apartment purchasers and their respective agents during normal business hours.

The documents would include an accurate copy of the declaration, association bylaws, house rules and master lease, if any, a sample original conveyance, and all public reports as amended. Copies would be furnished by the managing agent to owners, prospective purchasers, and their agents at a reasonable cost, and the bill would exclude condominium projects not managed by managing agents. In this manner, persons contemplating purchase of condominium apartments would be constructively informed of reversionary aspects of the property.

Upon review of this bill, your Committee has reservations about the practicality of the procedure the bill would establish. Your Committee believes that protection for the prospective purchaser can be better achieved if information on the reversionary aspects of the pending purchase, or lease, are furnished to prospective purchasers and lessees by participating real estate brokers and salesmen.

Accordingly, your Committee has amended the bill by deleting the substance and inserting language requiring real estate brokers and salesmen to inform prospective purchasers and lessees of reversionary provisions. Under this amendment, failure to so inform would constitute grounds for voidance of the transaction by the purchaser or lessee for a period of five years. Your Committee has further amended this bill by giving it an effective date of September 1, 1987.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1585, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1585, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi and Matsuura.

SCRep. 981 Consumer Protection and Commerce on H.B. No. 1531

The purpose of this bill is to remove the ceiling on the amount of credit life insurance available to borrowers.

Current law places a limit of \$20,000 on the initial amount of credit life insurance. This bill would set the limit at the total amount of indebtedness, without specific limitation.

Your Committee heard testimony in support of this bill from the Hawaii League of Savings Institutions and Paradise Finance and finds that the \$20,000 limit is obsolete and deprives borrowers and their families of needed insurance protection. Your Committee finds that most

mortgage loans exceed \$20,000 and that present law prohibits many borrowers from insuring their loans to cover their total amount of indebtedness. Since such insurance coverage is entirely voluntary, this measure would not place any undue obligations on borrowers who do not wish to insure the entire amount of their loans, but it would allow borrowers to do so if they choose.

Upon further consideration, your Committee has amended the bill by adding provisions requiring a creditor who provides free life insurance to a debtor for a term less than the period of indebtedness, to send the debtor a prepared form on which the debtor may indicate whether he or she desires to continue the insurance coverage for a fee after the free period is terminated. The required form must be sent to the debtor six weeks prior to the expiration of the period during which the insurance is provided without charge. If no response is received from the debtor, the insurance shall automatically lapse. The bill has been further amended by making technical amendments which have no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1531, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1531, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi and Matsuura.

SCRep. 982 Consumer Protection and Commerce on H.B. No. 1530

The purpose of this bill was to provide that mortgages which secure future advances shall be superior to any subsequently recorded mortgages, lien or other encumbrances or conveyance, other than liens for real property taxes and assessments for public improvements.

Your Committee has amended the bill by deleting its substance and substituting provisions which would require certain financial institutions that provide mortgage life insurance to a mortgagor to allow the mortgagor to accept or decline the mortgage life insurance on a form provided by the financial institution.

Your Committee finds that it is the practice of certain financial institutions to offer free mortgage life insurance to mortgagors for a certain period of time (e.g., six months). The borrowers are required to advise the lender in writing, at the expiration of the free period, that they do not desire to have the insurance continued.

Your Committee believes that this requirement is unnecessarily burdensome to consumers and finds that allowing mortgagors to check a "yes" or "no" space on a form provided by the person offering the insurance, six weeks before the expiration of the free period, would provide relief to consumers.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1530, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1530, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator B. Kobayashi.

SCRep. 983 Consumer Protection and Commerce on H.B. No. 1257

The purpose of this bill was to amend two of the fifteen acts or conditions that can result in disciplinary action taken against a physician.

Specifically, the bill would amend section 453-8(a)(7), Hawaii Revised Statutes, by changing the term "gross carelessness" to "gross negligence" as a ground for discipline, and by replacing the phrase "negligence or incompetence" with "multiple instances of negligence or incompetence", in section 453-8(a)(8).

Although your Committee agrees with the intent of the bill, it is concerned that the proposed revision of section 453-8(a)(8) could be misconstrued to require multiple incidents of incompetence in order to trigger disciplinary action. Such is not the intent of the measure as the word "multiple" refers to instances of negligence and not to incompetence. In order to clarify your Committee's intent, the bill has been amended to change the phrasing of the proposed new language to read "Incompetence or multiple instances of negligence..." Your Committee believes that this amendment will preclude misinterpretation of the statute.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1257, H.D. 1, as amended herein, and recommends that it pass Second

Reading in the form attached hereto as H.B. No. 1257, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator B. Kobayashi.

SCRep. 984 Consumer Protection and Commerce on H.B. No. 1246

The purpose of this bill was to provide that violators of cease and desist orders issued by the Insurance Commissioner shall not be relieved or absolved from any other liability, penalty, or forfeiture under law.

Your Committee, upon consideration, has amended the bill by deleting the substance in its entirety and replacing it with the substance of H.B. No. 1073, H.D. 1.

This bill, as amended, would include the following activities as unfair claim settlement practices:

- (1) Failure to offer payment within thirty calendar days of affirmation of liability, if the amount of the claim has been determined and is not in dispute;
- (2) Failure to provide the insured or beneficiary with a reasonable written explanation for any delay, on every claim remaining unresolved for thirty days from the date it was reported; and
- (3) Indicating to the insured on any payment draft, check, or accompanying letter, that the payment is final, or is a release of claim, if additional benefits are probable.

The bill, as amended, would also provide that if any insurance company fails to pay, without reasonable cause, a judgment for a violation within thirty calendar days, it shall be charged interest of one and one-half percent a month on all amounts delinquent.

Your Committee finds that the majority of insurance claims are for motor vehicle accidents, and that the majority of these claims involve no-fault benefits. Current law requires no-fault insurers to communicate with the injured party and make payment within thirty days. This bill will establish the same standards for other insurance claims.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1246, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1246, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi and Matsuura.

SCRep. 985 Agriculture, Energy and Ocean Resources on H.B. No. 254

The purpose of this bill is to clarify the provisions on the mining and taking of sand, coral, and other marine deposits.

Specifically, this bill will:

1. Establish a one gallon limit for the taking of sand, coral or other beach material for personal use from a public beach;
2. Allow State or county sand mining for replenishing public beaches;
3. Eliminate the environmental impact statement requirements for routine maintenance projects in which government agencies clear sand from mouths of drainage and stream channels;
4. Prohibit the taking of sand and other materials from the Hakipu'u sandbar area; and
5. Clarify the jurisdictional authority of the county governments within the shoreline setback area.

Your Committee received testimony in support of this bill from the Board of Land and Natural Resources, the Department of Planning and Economic Development, the Environmental Council, the Department of Parks and Recreation and the Sierra Club. Concern was expressed that the new material which would provide a statutory exemption to any environmental impact statement for routine maintenance activities would be redundant and therefore unnecessary, however, upon consideration, your Committee has decided to retain this language.

Your Committee has adopted the recommendation of the Department of Land and Natural Resources and the Department of Parks and Recreation by adding the words "and section 46-12" after "section 46-11.5" on page 2, line 23, to provide the authority for beach cleaning.

Your Committee finds that this bill will provide the State with the means to protect and manage Hawaii's shallow water coral reef which is an important part in maintaining the ecological stability of Hawaii's coastal and marine environment.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 254, 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. 254, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Holt.

SCRep. 986 Agriculture, Energy and Ocean Resources on H.B. No. 533

The purpose of this bill is to amend Section 188-35 of the Hawaii Revised Statutes to make the language relating to the taking of baitfishes consistent with existing baitfish law.

Presently, Section 188-35, Hawaii Revised Statutes, (HRS) provides that licensed commercial fishermen may not take baitfishes other than nehu and iao in certain areas. However, this is not consistent with Section 188-45, HRS, which allows the taking of all baitfish species for which an open season has been declared.

The intent of the bill is to allow the catching of all types of baitfishes in all waters of the State by licensed commercial fishermen who have acquired a baitfish license from the department of land and natural resources.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 533 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 Holt.

SCRep. 987 Agriculture, Energy and Ocean Resources on H.B. No. 1467

The purpose of this bill is to clarify the language of Chapter 150, Hawaii Revised Statutes, relating to seeds.

This administration bill designates the department of agriculture as the official seed certifying agency for the State of Hawaii, adds new terms to the list of definitions and amends existing definitions, updates and clarifies existing language to conform this chapter with the Federal Seed Act and the Recommended Uniform State Seed Law.

Your Committee received testimony from the Chairperson of the Department of Agriculture that this is a "housekeeping" measure to conform to the provisions of the Federal Seed Act. Your Committee also received testimony from the Dean of the College of Tropical Agriculture and Human Resources of the University of Hawaii stating that the Department of Agriculture is the appropriate state agency for certifying seeds.

The Department of Agriculture recommended further amendments to the bill which would exempt from labeling and germination testing seeds brought into the State without the intention of being sold in Hawaii. Accordingly, the "or" on page 7, line 20 and page 11, line 7 have been replaced with "and". Your Committee has further amended the bill by making nonsubstantive changes for the purpose of clarity and conformance with recommended drafting style.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 1467, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1467, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 988 Agriculture, Energy and Ocean Resources on H.B. No. 1468

The purpose of this bill is to clarify the language of Section 166-4, Hawaii Revised Statutes, pertaining to the exemption of agricultural parks from planning, zoning, subdivision, construction, and building standards under certain conditions.

Your Committee heard testimony from the Chairperson of the Board of Agriculture that this

is a "housekeeping" measure to conform the provisions for exempt agricultural park projects to those for exempt housing developments.

Your Committee concurs with the recommendation of the Department of Agriculture to amend this bill on page 3, lines 20 to 22 by deleting the words "or, where a land use district boundary amendment is required, the land use commission" and has amended the bill accordingly. Your Committee has also made a technical change which has no substantive effect.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 1468, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1468, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 989 Agriculture, Energy and Ocean Resources on H.B. No. 1562

The purpose of this bill is to streamline and clarify Chapter 186, Hawaii Revised Statutes, in order to encourage the establishment of tree farms.

This bill provides a method by which a landowner who wants to plant trees or carry out other forest management practices can be assured that harvesting will be permitted when the forest crop matures. The bill further provides for the preparation of a forest management plan by the landowner and approval of the plan by the Board of Land and Natural Resources.

Your Committee heard testimony from the Chairperson of the Department of Land and Natural Resources that the bill should assist the development and utilization of forest resources in the State without endangering other resource values.

Your Committee has amended the bill by making technical changes which have no substantive effect.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 1562, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1562, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 990 Health on H.B. No. 464

The purpose of this bill is to provide a uniform statewide code to regulate smoking in public places.

Your Committee, after due consideration, prefers the Senate version of this bill (S.B. No. 630, S.D. 1), which was previously passed by the Senate and which is substantially similar to this bill. Therefore, your Committee has amended this bill by substituting the contents of S.B. No. 630, S.D. 1, with the exception that the definition of "restaurant" has been changed to exclude establishments with a seating capacity of forty or fewer patrons.

Under this bill, as amended, smoking would be prohibited in the following places:

- (1) Elevators open to the public;
- (2) Hospital rooms, wards, waiting rooms, lobbies, and hallways, not including private rooms and semiprivate rooms where there is no objection;
- (3) Restaurants, in nonsmoking areas which must be designated unless the establishment prohibits smoking altogether;
- (4) Rooms used for public entertainment;
- (5) Museums, libraries, and galleries;
- (6) State or county government rooms used by the public;
- (7) Public areas in banks, credit unions, industrial loan companies, retail stores of more than 5,000 square feet, and savings and loan associations;

- (8) Public restrooms;
- (9) Occupied taxicabs; and
- (10) Any other area open to the public which has been designated by the person in charge as a no smoking area.

This bill, as amended, would take effect ninety days after its approval. Your Committee wishes to note that precedent for the change in the definition of "restaurant" has been set by the County of Hawaii in its ordinance relating to restaurants with forty or more patrons. In addition, the Department of Health also recommended changing the definition, as did the Interagency Council on Smoking and Health.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 464, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 464, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Solomon.

SCRep. 991 Ways and Means on H.B. No. 14

The purpose of this bill is to appropriate funds for fiscal year 1987-1988 for research and development of sugar, and alternate crops and by-products.

The bill requires a dollar for dollar matching contribution from the Hawaiian Sugar Planters' Association (HSPA) and designates the Governor's Agriculture Coordinating Committee (GACC) as the expending agency.

Your Committee understands that the future of the sugar industry is dependent on continuing the research effort that has brought the industry to its present high level of efficiency.

According to the HSPA, the sugar industry has made excellent progress in recent years in increasing sugar yields and in reducing costs. Sugar yield per acre increased 13.3 per cent from 1982 to 1986. Although acreage harvested declined during this period, the increase in yield resulted in a net increase in total sugar production. Production costs declined from 17.72 cents per pound in 1982 to 15.02 cents per pound in 1986. These improvements were made possible through the research jointly funded by the industry and state government.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 14, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 992 Ways and Means on H.B. No. 15

The purpose of this bill is to require a flat amount from the revenues collected in each fiscal year from the transient accommodations tax to be maintained in a separate account in the general fund. The amount in the separate account is to be available for appropriation by the legislature for tourism-related capital improvement projects of state and county agencies.

Senate Standing Committee Report No. 912 sets forth legislative intent concerning the definition of "tourism-related capital improvement projects" and the reasons for earmarking a flat amount, rather than a percentage, of revenues from the tax for the projects. Your Committee concurs with the statements in the report.

Your Committee reiterates and emphasizes the intent that the capital improvement projects funded from the account be one-time projects. Your Committee does not intend that the account be used for excessively large or expensive projects which would require continual state funding. Nor does your Committee intend that the projects be of the character which would require substantial state moneys for operation and maintenance costs after completion.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 15, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 993 Ways and Means on H.B. No. 16

The purpose of this bill is to establish the orientation of the Hawaii convention center, designate a small portion of the Ala Wai Golf Course as the convention center site, require and

fund the rebuilding of the remaining portion of the golf course into an eighteen-hole course, create a convention center authority to plan, design, construct, manage, operate, and promote the convention center, earmark a portion of the annual proceeds from the transient accommodations tax to a convention center special fund, require the performance of social impact and traffic impact assessments, and appropriate moneys for off-site projects which are necessary to establish, mitigate the adverse effects caused by, or improve the operational efficiency and effectiveness of, the convention center.

The Senate's and your Committee's position on the convention center issue, designation of the small portion of the Ala Wai Golf Course as the site, and establishment of the visitor orientation has been clearly and sufficiently justified in logical and understandable terms under Senate standing committee reports 21, 585, and 913. The sentiments set forth in those reports should be regarded as incorporated by reference in this report.

The Senate has offered a comprehensive package for the establishment of a convention center. The package has been formulated after objective evaluation with the overall public interest in mind and is intended to generate a highly positive cost-benefit. Your Committee supports the Senate's position fully and, to increase the benefits and decrease the costs, intends to address in future sessions significant detrimental effects, if any, identified by the social and traffic impact assessments mandated under this bill. For this issue, your Committee feels that the Senate has discharged its legislative responsibility in an honorable manner.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 16, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 994 Ways and Means on H.B. No. 26

The purpose of this bill is to establish a voluntary program for public assistance recipients which would provide career planning, job training, job placement, education, and support services.

Your Committee notes that this bill is substantially similar to S.B. No. 977, S.D. 1, which passed the Senate.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 26, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 995 Ways and Means on H.B. No. 35

The purpose of this bill is to enact a state Water Code to implement Article XI, section 7, of the Hawaii constitution.

Your Committee notes that the Water Code contained in H.B. No. 35, H.D. 1, S.D. 1, is very similar to the Senate version of the Water Code, S.B. No. 1307, S.D. 2, which has passed the Senate.

Your Committee has made the following technical, nonsubstantive amendments to this bill:

- (1) By substituting " -30" for " -18" in the definition of "water management area" on page 10, to correct an erroneous reference to another section of the Water Code;
- (2) By substituting "III" for "II" in section -8(e) on page 19 of the bill, to correct an erroneous reference to another part of the Water Code;
- (3) By deleting the words "pump equipment" from section -82(4) on page 55 of the bill, and inserting in the same section the words "for pumps and pumping equipment" after "installation standards" to more accurately reflect the subject matter of section -86, which is being referred to in section -82(4);
- (4) By substituting "III" for "II" in section -83 on page 56 of the bill, to correct an erroneous reference to another part of the Water Code;
- (5) Other minor amendments for purposes of style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 35, 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. 35, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 996 Ways and Means on H.B. No. 40

The purpose of this bill is to provide the comptroller with the responsibility and authority to operate a comprehensive risk management and insurance program for the state government, excluding workers' compensation and public employee benefit programs which are covered elsewhere.

The bill also proposes the transfer of \$10.2 million for fiscal year 1987-1988 and \$10.7 million in fiscal year 1988-1989, from other departments to the state risk management revolving fund. This bill also requires that an additional \$5 million in both fiscal years 1987-1988 and 1988-1989 be deposited to the revolving fund from general revenues of the State of Hawaii.

The bill repeals chapter 41, Hawaii Revised Statutes, dealing with state insurance administration, and adds a new chapter thereto on state risk management and insurance administration to clearly specify the comptroller's authority in this area.

Your Committee has also made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 40, 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. 40, H.D. 2, S.D. 2.

Signed by all members of the Committee.

SCRep. 997 Ways and Means on H.B. No. 121

The purpose of this bill is to establish a statewide "one week or one trial" system for jury service. This bill is intended to implement the recommendations in the report made by the National Center for State Courts to the state Judiciary. The National Center was commissioned to study the concerns regarding the jury system expressed in House Resolution No. 127, Eleventh Legislature of the State of Hawaii, Regular Session of 1982.

The bill would significantly reduce the amount of time a person is asked to serve thereby allowing more people to participate in the judicial process. Moreover, it would enable juries to be more broadly representative of the community. This bill would also eliminate the current jury commission and transfer the functions of the commission to the court clerk. The bill also eliminates all statutory exemptions for jury service except for attorneys and judges.

Your Committee has amended this bill by making the appropriation provision take effect on July 1, 1987, and has made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 121, 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. 121, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 998 Ways and Means on H.B. No. 190

The purpose of this bill is to make collective bargaining negotiations of public employers' contributions to the health fund consistent with the health benefit changes authorized by the legislature in Act 304, Session Laws of Hawaii 1985.

Your Committee finds that chapter 89, Hawaii Revised Statutes, was not concurrently amended in 1985 to permit collective bargaining negotiations on the amount of public employer contributions for a wider range of health benefits as authorized by Act 304, Session Laws of Hawaii. This bill will correct this inconsistency.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 190 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 999 (Majority) Ways and Means on H.B. No. 210

The purpose of this bill is to compensate victims of certain crimes and providers of services

under the Criminal Injuries Compensation Act and provide appropriations to replenish the fund from which payment of awards have already been made.

Your Committee finds that the appropriation of \$512,561.58 is consistent with, and necessary to accomplish the purposes of, the Criminal Injuries Compensation Act.

Your Committee notes that a Senate companion to this House Bill, S.B. No. 302, S.D. 1, has passed in the Senate.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 210, and recommends that it pass Third Reading.

Signed by all members of the Committee.
Senator Henderson did not concur.

SCRep. 1000 Ways and Means on H.B. No. 317

The purpose of this bill is to provide fund authorizations and appropriations for Unit 1 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with section 89-10(b), Hawaii Revised Statutes, to cover the expected cost implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee amended the bill by increasing all appropriation amounts from \$1 to \$2.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 317, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 317, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1001 Ways and Means on H.B. No. 318

The purpose of this bill is to provide fund authorizations and appropriations for Unit 2 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with section 89-10(b), Hawaii Revised Statutes, to cover the expected cost implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee amended the bill by increasing all appropriation amounts from \$1 to \$2.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 318, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 318, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1002 Ways and Means on H.B. No. 319

The purpose of this bill is to provide fund authorizations and appropriations for Unit 3 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with section 89-10(b), Hawaii Revised Statutes, to cover the expected cost implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee amended the bill by increasing all appropriation amounts from \$1 to \$2.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 319, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 319, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1003 Ways and Means on H.B. No. 320

The purpose of this bill is to provide fund authorizations and appropriations for Unit 4 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with section 89-10(b), Hawaii Revised Statutes, to cover the expected cost implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee amended the bill by increasing all appropriation amounts from \$1 to \$2.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 320, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 320, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1004 Ways and Means on H.B. No. 321

The purpose of this bill is to provide fund authorizations and appropriations for Unit 5 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with section 89-10(b), Hawaii Revised Statutes, to cover the expected cost implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee amended the bill by increasing all appropriation amounts from \$1 to \$2.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 321, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 321, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1005 Ways and Means on H.B. No. 322

The purpose of this bill is to provide fund authorizations and appropriations for Unit 6 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with section 89-10(b), Hawaii Revised Statutes, to cover the expected cost implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee amended the bill by increasing all appropriation amounts from \$1 to \$2.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 322, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 322, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1006 Ways and Means on H.B. No. 323

The purpose of this bill is to provide fund authorizations and appropriations for Unit 7 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with section 89-10(b), Hawaii Revised Statutes, to cover the expected cost implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee amended the bill by increasing all appropriation amounts from \$1 to \$2.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 323, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 323, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1007 Ways and Means on H.B. No. 324

The purpose of this bill is to provide fund authorizations and appropriations for Unit 8 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with section 89-10(b), Hawaii Revised Statutes, to cover the expected cost implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee amended the bill by increasing all appropriation amounts from \$1 to \$2.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 324, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 324, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1008 Ways and Means on H.B. No. 325

The purpose of this bill is to provide fund authorizations and appropriations for Unit 9 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with section 89-10(b), Hawaii Revised Statutes, to cover the expected cost implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee amended the bill by increasing all appropriation amounts from \$1 to \$2.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 325, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 325, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1009 Ways and Means on H.B. No. 326

The purpose of this bill is to provide fund authorizations and appropriations for Unit 10 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with section 89-10(b), Hawaii Revised Statutes, to cover the expected cost implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee amended the bill by increasing all appropriation amounts from \$1 to \$2.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 326, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 326, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1010 Ways and Means on H.B. No. 327

The purpose of this bill is to provide fund authorizations and appropriations for Unit 11 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with section 89-10(b), Hawaii Revised Statutes, to cover the expected cost implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee amended the bill by increasing all appropriation amounts from \$1 to \$2.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 327, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 327, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1011 Ways and Means on H.B. No. 328

The purpose of this bill is to provide fund authorizations and appropriations for Unit 13 collective bargaining cost items, including the cost of salary adjustments negotiated between the State and the bargaining unit representative for the fiscal biennium 1987-1989.

Fund authorizations and appropriations by the Legislature are necessary, in accordance with section 89-10(b), Hawaii Revised Statutes, to cover the expected cost implementing collective bargaining agreements negotiated between the State and the respective bargaining unit representatives for the fiscal biennium commencing July 1, 1987.

Since an agreement for the bargaining unit is not expected to be reached in time to include the cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee amended the bill by increasing all appropriation amounts from \$1 to \$2.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 328, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 328, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1012 Ways and Means on H.B. No. 418

The purpose of this bill is to provide fund authorizations and appropriations for wage and other adjustments in fiscal biennium 1987-1989 for executive, judiciary, and legislative officers and employees excluded from collective bargaining.

Section 89C-2, Hawaii Revised Statutes, stipulates that the compensation, hours, terms and conditions of employment, and other benefits for public officers and employees who are excluded from collective bargaining shall be adjusted by the chief executive of the State, the board of education, the board of regents, or the chief justice, as applicable. Further, section 89C-5, Hawaii Revised Statutes, stipulates that any such adjustments which constitute cost items shall be subject to appropriation by the legislature.

Since such adjustments may not be formulated in time to include the resulting cost items in the 1987-1989 biennium budget, this separate measure may be necessary.

Your Committee has amended the bill by increasing all appropriation amounts from \$1 to \$2.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 418, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 418, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1013 Ways and Means on H.B. No. 737

The purpose of this bill is to provide additional annual funding of \$79,000 to supplement the operational expenses of the Hawaii Wing, Civil Air Patrol.

Your Committee has amended this bill by substituting \$1 as the appropriation for a tsunami warning system and an air cadet program.

Your Committee has also made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 737, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 737, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1014 Ways and Means on H.B. No. 750

The purpose of this bill is to establish a state administered endowment fund for the Honolulu symphony and to appropriate funds to provide financial assistance to the symphony in fiscal year 1987-1988 in the amount of \$500,000 for its operating budget and \$290,000 to cover the actual costs of the State's purchase of the symphony's services for the young peoples' concerts and neighbor island tours.

Your Committee has amended the bill by changing the amount appropriated for the endowment fund from \$2,500,000 to \$2,000,000, by changing the effective date to July 1, 1987, and by making other technical nonsubstantive amendments for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 750, 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. 750, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 1015 Ways and Means on H.B. No. 754

The purpose of this bill is to ensure the continuation of the special fund of the Business Registration Division of the Department of Commerce and Consumer Affairs.

The special fund is scheduled to be repealed effective July 1, 1988. Statutory provisions effective July 1, 1987 have been amended to maintain the special fund for the purpose of employing persons under temporary business registration I positions beyond July 1, 1988.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 754, 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. 1016 Ways and Means on H.B. No. 817

The purpose of this bill is to correct the disparity in salaries between first and second deputies and between first and second assistants to the head of any department.

Your Committee finds that the functions, duties, and responsibilities of the first and second deputies and first and second assistants are nearly indistinguishable and therefore supports this bill to provide that the salaries of all second deputies or second assistants to the head of any department shall be equal to that of the first deputies or first assistants.

Your Committee supports similar salary adjustments for legislative service agency assistants at the deputy level.

Your Committee made a technical, nonsubstantive amendment.

Your Committee on Ways and Means 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. 1017 Ways and Means on H.B. No. 842

The purpose of this bill is to establish a: (1) tax of 4.2824 per cent on the gross premiums received by both domestic and foreign insurers from all risks or property resident, situated, or located within the State; (2) tax of 3.197 per cent on the gross premiums received by both domestic and foreign life insurers from all risks resident in the State; (3) tax credit of 1.3177 per cent on gross premiums received from all risks or property resident, situated, or located in the State, for each authorized insurer maintaining a home office in this State, except life insurers and ocean marine insurers, subject to the insurance premiums tax; and (4) tax credit for each life insurer maintaining a home office in the State, of 1.279 per cent on gross premiums received from all risks resident within the State.

This bill defines "home office" as an office performing or directing and supervising within the State the selling, underwriting, issuing, and servicing of insurance, including certain related functions.

Your Committee notes that there are approximately twelve cases in the Hawaii tax appeals court and approximately \$30 million held in escrow because of the problem of the different premium taxes paid by domestic and foreign insurers. Your Committee also notes that the United States Supreme Court in *Metropolitan Life Ins. Co. v. Ward*, 105 S. Ct. 1676 (1985), has held unconstitutional an Alabama law that imposed gross premium taxes at a lower rate for domestic insurers than those from out-of-state.

Although not all issues have been resolved, your Committee finds that a single rate on all insurers, regardless of whether or not the insurer is a domestic or a foreign insurer, is a means to rectify the problem.

Your Committee also finds that a tax credit is necessary for authorized insurers maintaining a home office in Hawaii because the credit promotes the public interest, helps stimulate the State's economy, and contributes to the general welfare of the people.

Your Committee amended this bill by creating a new findings and purpose section to incorporate part of the proposed subsection (c) of section 431-318. Your Committee believes that that portion of the proposed subsection more properly belongs in a findings and purpose clause.

Your Committee also made technical, nonsubstantive amendments to this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 842, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 842, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1018 Ways and Means on H.B. No. 1012

The purpose of this bill is to create a Rental Housing Revolving Fund under chapter 359G, Hawaii Revised Statutes.

The bill provides that all funds appropriated and all moneys received or collected by the Hawaii Housing Authority for rental housing and funds from the Dwelling Unit Revolving Fund be deposited into the Rental Housing Revolving Fund (Fund). It provides further that proceeds from the Fund may be used for the necessary expenses in administering and carrying out a rental housing program including the development of rental projects, especially those for the elderly.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1012, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1019 Ways and Means on H.B. No. 1150

The purpose of this bill is to appropriate \$678,000 for fiscal biennium 1987-1989, to the department of health for the establishment of a statewide interdepartmental cluster of agencies to coordinate placement and services for children with severe emotional and developmental problems who are served by multiple agencies.

Your Committee finds that children with severe emotional and developmental problems need service plans which are closely coordinated between and among the multiple agencies which serve them. This need is even more urgent for the small number of children with the most severe problems, where uncoordinated service planning and monitoring may actually make problems worse. Your Committee finds that such children require highly individualized approaches which are difficult to actualize without adequate funding.

Your Committee further finds that it is in the interest of the State to make every effort to avoid placement of children out of their own homes, or out of their communities, or out of the State whenever possible. In order to accomplish this, an innovative and flexible mechanism, such as the proposed statewide interdepartmental cluster, which can operate across several departments, is required.

Your Committee finds that this bill, by providing a systematic mechanism and sufficient funding to coordinate the multiple services required by our most disturbed children will significantly increase the State's ability to carry out its responsibilities toward this population.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1150, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1020 Ways and Means on H.B. No. 578

The purpose of this bill is to authorize the issuance of special purpose revenue bonds in a total amount not to exceed \$20,000,000 to assist Island Power Company in the construction and operation of a hydroelectric power plant and related facilities on the Honolii Stream in Hawaii County.

Your Committee finds that hydroelectric generated power provides an excellent source of constant, dependable energy. Assistance to this project is consistent with the State's goal of energy self-sufficiency as it would reduce Hawaii's dependency on imported petroleum.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 578, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1021 Ways and Means on H.B. No. 586

The purpose of this bill is to establish a revolving fund for the University of Hawaii algal mass culture facility at Snug Harbor, Oahu.

This bill also requires that moneys from the sale of algae cultured at the facility be deposited into the revolving fund and used to support aquaculture research and services and supplies related thereto, and limits the amount of algae which can be sold to two hundred pounds a week.

Your Committee finds that the algal culture facility at Snug Harbor has been utilized since 1980 by the University of Hawaii for research on the intensive raceway culture of single-celled algae for production of oil to be used as energy. The facility is also being used to experimentally culture "ogo", a popular local seaweed. The establishment of a revolving fund

would maintain the algal research activities at the Snug Harbor facility.

Your Committee has made technical amendments to the bill for purposes of clarity and style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 586, 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. 586, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 1022 Ways and Means on H.B. No. 594

The purpose of this bill is to enable the State Planning Council on Developmental Disabilities to have its executive secretary appointed by the governor upon the recommendation of the State Council, without regard to the civil service requirements provided in chapters 76 and 77, Hawaii Revised Statutes. The executive secretary, along with the staff, shall be evaluated each year by the State Council in terms of job performance.

Currently, the Council is administratively attached to the Department of Health and must select its executive secretary from within the state system. This bill would enable the Council to select the most qualified candidate from the private sector, if appropriate.

Your Committee finds that although the Council and the executive secretary are attached to the Department, it is crucial that they have the freedom and the autonomy to advocate for the best interests of the developmentally disabled population as first priority. This bill would enable the Council to take issue with the Department when it determines that the interests of the target population would be best served by doing so.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 594, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1023 Ways and Means on H.B. No. 598

The purpose of this bill is to provide for a continuum of services to Hawaii's developmentally disabled and mentally retarded persons.

Under this bill, the State's responsibility for quality assurance, monitoring and evaluation, planning and reporting, provision of rights, delivery of services, formulation of service plans, and limitation of liability would all be placed under one system to be administered by the department of health.

Your Committee finds that this bill will ensure the best possible use of state and federal funds by continuing the deinstitutionalization policy of the State for those who would thrive best in smaller, less restrictive environments. It will also clarify the responsibilities of the department in providing for this population.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 598, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1024 Ways and Means on H.B. No. 652

The purpose of this bill is to establish minimum standards regulating the transporting, recycling, and disposing of used oil.

Specifically, this bill, as received, provides "prohibited acts" regarding the disposition of used oil; requires proper identification of used oil transport vehicles; requires adequate record keeping by used oil transporters; establishes fees for permits; provides for inspection by the department of health (DOH) of any facility, storage tank, or vehicle and the examination of records required by this bill; requires cooperation among affected state agencies; provides rule-making authority for the director of the DOH; provides a penalty section; and appropriates \$60,000 to effectuate the purpose of this bill.

Your Committee finds that in 1986 over five million gallons of lubricating oil was brought into the State, excluding that which was used by the military. In the same year roughly 400,000 gallons of used oil was reprocessed for use as an industrial fuel, indicating that millions of gallons of used oil were disposed of illegally. This indiscriminate dumping of used oil not only

results in a loss to the State of a valuable energy resource but also poses a serious environmental threat.

It was for these reasons that the department of planning and economic development (DPED), with the DOH and the office of environmental quality control, recently formed a state used oil advisory committee consisting of representatives from these agencies and a cross section of private sector representatives. The purpose of the committee is to provide input into the formation of a used oil recycling program. The Hawaii automotive and retail gasoline dealers association (HARGD) has taken the lead in this effort and has been awarded a grant through the DPED to implement this program, which will provide a viable and cost effective approach to stimulating used oil recycling. This bill, together with the used oil recycling program, will serve to increase the proper disposal of used oil in Hawaii.

Your Committee amended this bill by: (1) increasing the appropriated amount from \$60,000 to \$100,000; and (2) making technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 652, 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. 652, H.D. 2, S.D. 2.

Signed by all members of the Committee.

SCRep. 1025 Ways and Means on H.B. No. 654

The purpose of this bill is to amend the current State Natural Area Reserve statute, to establish more specific guidelines for the creation and management of Natural Area Reserves.

Your Committee finds that the State has established the Natural Area Reserve system to protect important natural areas within the vast inventory of state lands. Presently, the reserve system encompasses 108,000 acres of state lands in eighteen established reserves throughout the islands. These reserves protect thousands of uniquely Hawaiian species, provide ideal sites for research and outdoor education, and in many cases, guard vital watershed lands.

Your Committee further finds that most of these valuable areas are now suffering from serious management problems which threaten to permanently destroy or degrade the resources. Without proper management, the high quality ecosystems which qualified as Natural Area Reserves initially will be degraded by invasions of alien plants, by foraging of both domestic and feral animals, and by the activities of humans.

This bill would assist the Department of Land and Natural Resources to realize the initial vision of the legislature. It provides the Department with broader powers under which to acquire and manage reserves, including the use of more innovative methods, such as private/public joint efforts and conservation easements, in order to foster increased cooperation with outside organizations in the identification, acquisition, and management of reserves. The bill also requires the Department not to alienate any natural area reserve except to another public use which it finds is an imperative and unavoidable public necessity, and to prepare a comprehensive reserves system management plan to accomplish the purposes of chapter 195.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 654, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1026 Ways and Means on H.B. No. 735

The purpose of this bill is to establish a natural area reserve fund in the state treasury for the heritage program. The bill also appropriates \$125,000 each for fiscal years 1987-1988 and 1988-1989 for the natural area reserve fund for transfers to the heritage program provided that private sources provide \$1 for every \$2 appropriated.

Presently, there is no comprehensive, accessible source of rare species and ecosystem data for Hawaii. The Hawaii heritage program is assembling and maintaining a computerized data base of this information to assist land use planning in our State and to facilitate the identification of natural areas deserving protection. With adequate support from public and private users, a mature heritage data base will serve several key purposes to economic growth in the islands. The data base could be utilized to avoid natural resource conflicts and facilitate environmental review as well as contribute to cost-effective cooperation.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 735,

H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1027 Ways and Means on H.B. No. 736

The purpose of this bill is to establish a comprehensive regulating framework for permitting foreign banks to operate in Hawaii and to make an appropriation for the Department of Planning and Economic Development to develop and implement a promotional program encouraging foreign banks to establish offices here. The bill would also allow foreign banks to establish representative offices, non-depository agencies, and depository agencies that would be limited to accepting deposits from foreign sources.

As set forth in the bill, all foreign banking entities doing business in Hawaii would be subject to the same state examination and supervision and regulatory restraints and burdens as are other state-chartered financial institutions.

Your Committee has made technical, nonsubstantive clerical corrections to this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 736, 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. 736, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 1028 Ways and Means on H.B. No. 453

The purposes of this bill are to: (1) amend the definition of "firefighter" in section 88-21, Hawaii Revised Statutes, to include employees of the Department of Transportation who were assigned duties at state airports prior to June 3, 1978; and (2) include an amendment to section 88-84, Hawaii Revised Statutes, to provide the beneficiary of a state or county employee, the option to choose to receive a monthly retirement allowance under Option 2 as provided under section 88-83, Hawaii Revised Statutes.

With respect to the first purpose, your Committee finds that prior to establishing state firefighters at the airports in the mid-1970's, certain employees of the Department of Transportation were assigned firefighter's duties in addition to their regular assignment, and were paid a \$25 per month differential (section 261-18, HRS) for this responsibility. This bill would extend to those employees the retirement benefits currently available to state or county firefighters.

With respect to the second purpose of this bill, your Committee finds that providing Option 2 as an alternative to the member's beneficiary would provide a more viable alternative to Option 3, which is presently provided for in section 88-84, Hawaii Revised Statutes.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 453, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1029 Ways and Means on H.B. No. 463

The purpose of this bill is to authorize special purpose revenue bonds in the amount of \$15,000,000 to assist G.N. Wilcox Memorial Hospital in financing an expansion and renovation project including a 110-bed long-term care unit, consolidation and modernization of a utility building, expansion and modernization of a kitchen and cafeteria, and remodeling of same day surgery and diagnostic imaging services areas.

Your Committee finds that G.N. Wilcox Memorial Hospital is a not-for-profit corporation that provides health care facilities to the general public and is therefore eligible for financial support by means of special purpose revenue bonds issued pursuant to chapter 39A, part II, Hawaii Revised Statutes.

Your Committee further finds that this measure will improve the ability of G.N. Wilcox Memorial Hospital to provide a full range of needed medical and health related services to the people of Kauai and is expected to save the community \$6 million over the twenty-five year life of the project.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 463, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1030 Ways and Means on H.B. No. 537

The purpose of this bill is to amend the natural disaster losses relief law to clarify the responsibilities of the State and the counties in regard to the refund of real property taxes due to a natural disaster.

Your Committee is in receipt of a letter from the Mayor of the County of Hawaii regarding this bill in which the mayor claims that the full responsibility for the refund of real property taxes is in the counties. The mayor bases his statement upon the constitutional amendment which transferred all powers, functions, and duties regarding the real property tax to the counties. Thus, the mayor feels that any relief to be granted from the real property taxes as a result of natural disaster losses must be done by the counties and not the State.

Your Committee agrees with the mayor of the County of Hawaii that the responsibility for real property tax relief is the county's responsibility and not the State's. That is the purpose of this bill submitted by the Department of Taxation. Your Committee does not feel that it is clear in law that the constitutional mandate regarding real property taxes supersedes the legislature's and the State's responsibility to provide for relief from natural disaster losses. With this in mind, however, your Committee is amending this bill to delete all references to real property tax relief from chapter 234, Hawaii Revised Statutes.

In making this amendment, your Committee reminds the counties that they are claiming responsibility for this area and with this claim of responsibility, the constitution places the duty to follow through on each county. Your Committee notes that the reason for this bill was a situation wherein the taxpayer went between the State and the county in attempts to obtain the proper refund of property taxes. Thus, with the power given under the constitution comes the duty to provide relief for the people when a natural disaster befalls them.

In order to ensure that the counties have sufficient time in which to enact the appropriate ordinances, your Committee has amended the effective date of this bill to make it effective on January 1, 1988. Your Committee also requests each county to notify the legislature regarding the county's response to this responsibility.

Your Committee has also made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 537, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 537, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1031 Ways and Means on H.B. No. 1517

The purpose of this bill is to increase the annual registration fees for those vessels covered under section 267-11, Hawaii Revised Statutes.

Your Committee finds that the Department of Transportation has not raised these fees since 1977. Furthermore, your Committee is aware that the revenues collected under the current rate structure are inadequate to cover the expenses associated with administering the vessel registration program such that funds have been diverted from other boating programs to cover the deficits that have resulted.

The Federal Boat Safety Act of 1971 authorizes the State to establish vessel registration fees to cover the cost of administering the vessel registration program. This bill will provide the necessary increase in fees to cover these costs.

Your Committee notes that a Senate companion to this House Bill, S.B. No. 1748, S.D. 1, has passed in the Senate.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1517, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1032 Ways and Means on H.B. No. 1519

The purpose of this bill is to allow the Department of Transportation to increase or decrease future fees and charges for vessels registered pursuant to section 267-11, Hawaii Revised

Statutes, by rule.

The new section is to be repealed in five years in order that the Legislature may review the Department's fee structure and the increases or decreases that have been made.

Your Committee notes that S.B. No. 1750, S.D. 1, was a companion measure which passed the Senate.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1519, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1033 Ways and Means on H.B. No. 1524

The purpose of this bill is to require motor vehicle insurers to submit rate filings to the insurance commissioner at least thirty days prior to the proposed effective date of the filing.

Your Committee finds that currently, prior approval of revised motor vehicle insurance rate filings is not required by law, but the review of such proposed revisions by the insurance division is required. The submission of rate filings required under this bill would provide time for review by the insurance division and would avoid the prospect of insurers having to process refunds to affected policyholders should the insurance division find that the revised filing plan is excessively high and requires adjustment.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1524, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1034 Ways and Means on H.B. No. 1595

The purpose of this bill is to allow the board of trustees of the Employees' Retirement System to retain 50 per cent of the earnings of the system above the investment yield rate and to establish the investment yield rate of the system. The bill also extends the current eight per cent yield rate to 1987 and 1988.

Your Committee has amended the bill by deleting the provisions allowing the board of trustees to establish the investment yield rate of the system and to retain 50 per cent of its earnings in excess of the investment rate.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1595, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1595, S.D. 2.

Signed by all members of the Committee.

SCRep. 1035 Ways and Means on H.B. No. 1759

The purpose of this bill is: (1) to delete the requirement in the tax exemption provided for contract carriers by water that such carriers have a gross weight exceeding 10,000 gross tons, and (2) to amend the description of such carriers as being in the business of transporting persons for tourism or sightseeing purposes to that of transporting persons between harbors or wharves of the various counties for interisland cruises.

The effect of this bill would be to broaden the public service company tax exemption granted to cruise ships, thus making the provision less discriminatory, an objection to the law which had been raised previously.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1759 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1036 Ways and Means on H.B. No. 1795

The purpose of this bill is to provide the Hawaii Housing Authority (HHA) with greater flexibility in the sale price of bonds.

Under present law, HHA may sell bonds at not less than par at a public sale.

This bill would allow the HHA, at its discretion, to sell bonds at par or at less than par (discounted bonds) and further allow the bonds to be sold either through an advertised public sale or by negotiated private sale.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1795, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1037 Ways and Means on H.B. No. 1841

The purpose of this bill is to provide for a second deputy director in the Department of Land and Natural Resources and includes provisions repealing the measure in the event a statewide water code is enacted which includes a section relating to an additional deputy.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1841, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1038 Ways and Means on H.B. No. 1889

The purpose of this bill is to empower the Department of Land and Natural Resources to regulate archaeological activities throughout the State. Regulation of archaeological activity in the State would allow the Department to track and obtain reports on the results of all such work. The Department could then utilize such information for land use planning, historical education, and other activities related to Hawaii's lands, history, and historic preservation.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1889, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1039 Ways and Means on H.B. No. 1924

The purpose of this bill is to appropriate \$500,000 for fiscal year 1987-1988, for building improvements to the Richards Street YWCA.

Your Committee understands that the YWCA of Oahu needs emergency repairs to its deteriorating tile roof and restoration of its ornamental ironwork to avoid further damage to this state historic site.

Your Committee amended this bill by providing that it shall be a grant-in-aid to be expended by the department of accounting and general services for the purposes of this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1924, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1924, S.D. 1.

Signed by all members of the Committee.

SCRep. 1040 Ways and Means on H.B. No. 1500

The purpose of this bill is to establish a training program within the Department of Labor and Industrial Relations to provide pre-employment training or retraining of local workers to meet the specific needs of qualifying businesses in the State.

The establishment of the New Industry Training Program, as provided by this bill, is consistent with the State's goal of economic diversification, in general, and high technology development, in particular, and will provide a strong incentive for businesses to relocate their operations to Hawaii or to expand existing operations within the State.

Your Committee finds that only with an increase in the State's labor force of trained workers, can the State succeed in attracting new companies to the State's high technology parks. This bill would institute a training program to coincide with the opening of these facilities, thereby providing an inducement for businesses to relocate and hire local workers.

Your Committee has amended this bill by substituting \$250,000 for \$1 as the appropriation for the training program.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1500, 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. 1500, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 1041 Ways and Means on H.B. No. 1502

The purpose of this bill is to increase the maximum amount available under the capital loan program from \$250,000 to \$1,000,000.

Since the inception of the Hawaii Capital Loan Program in 1963, it has proven to be an effective means of providing financial assistance to small businesses thereby generating new job opportunities for Hawaii's residents, with the resultant increase in tax revenues inuring to the State. Your Committee finds that the higher maximum would provide for more business opportunities and is consistent with legislative efforts to reduce the cost of doing business in Hawaii.

Your Committee has made minor technical, nonsubstantive amendments to the bill for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1502, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1502, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1042 Ways and Means on H.B. No. 1511

The purpose of this bill is to clarify the meaning of "debt" in order to retain the state tax refund of persons who are delinquent in child support payments or who have defaulted on an educational loan note held by the United Student Aid Funds, Inc. This amendment to section 231-52, Hawaii Revised Statutes, will clarify that a debt could be a court-ordered payment which is one month overdue or a sum exceeding \$25. Both conditions need not be met for the Department of Social Services and Housing to intercept the state tax refund of a debtor owing money to the State.

Your Committee has made technical, nonsubstantive amendments to this bill to correct clerical errors.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1511, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1511, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1043 Ways and Means on H.B. No. 1512

The purpose of this bill is to allow the Hawaii Housing Authority (HHA) to establish a taxable mortgage securities program and authorizes the issuance of these securities in the aggregate principal amount not to exceed \$400 million.

The State's tax exempt mortgage program, commonly referred to as Hula Mae, was established by the State Legislature in 1979 and has been a very successful program in providing below-market interest rates to first-time homebuyers.

The HHA has assisted more than 4,500 families in purchasing a home of their own since the first tax-exempt bond issue in 1980. However, despite the success of the Hula Mae Program, mortgage financing alternatives must be sought and implemented due to passage of the Tax Reform Act of 1986. Provisions in the tax reform measure have placed much stricter income and purchase price limits on the Hula Mae Program, such that a large percentage of the families and properties which have previously qualified for Hula Mae financing would no longer qualify under the new federal laws regarding tax-exempt mortgage revenue bond programs. In addition, federal authorization for such programs will sunset on December 31, 1988. Thus, Hawaii must seek alternative means of financing lower interest rate mortgage loans for first-time homebuyers; one alternative is the establishment of a taxable mortgage securities program.

Your Committee finds that issuance of these taxable securities will not be counted toward the State's debt ceiling and will not be considered in determining the State's credit standing by Standard & Poor's and Moody's. Taxable securities would be considered revenue bonds as opposed to general obligation bonds.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1512, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1044 Ways and Means on H.B. No. 1151

The purpose of this bill is to authorize special purpose revenue bonds in the amount of \$40,000,000 to assist Kapiolani Health Care System in the needed renovation of Kapiolani Women's and Children's Medical Center and for purchase of necessary medical and computer equipment.

This bill is similar to S.B. No. 516, S.D. 2, which passed in the Senate.

Your Committee finds that Kapiolani Health Care System is a not-for-profit corporation that provides health care facilities to the general public and is therefore eligible for financial support by means of special purpose revenue bonds issued pursuant to chapter 39A, part II, Hawaii Revised Statutes.

Your Committee further finds that this measure will improve the ability of Kapiolani Health Care System to provide needed medical and health related services to the public, and is therefore in the public interest and consistent with the legislature's mission to provide for the public health.

Your Committee on Ways and Means is accord with the intent and purpose of H.B. No. 1151, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1045 Ways and Means on H.B. No. 1227

The purpose of this bill is to appropriate \$250,000 to the Department of Planning and Economic Development for a study on the feasibility of establishing a space industry in Hawaii, and an additional \$50,000 to support the International Space Conference to be held in Hawaii in August 1987.

Under this bill, a preliminary report would be prepared for circulation at the International Space Conference, and a more complete report would be made to the Legislature prior to the convening of the Regular Session of 1988.

The funds made available shall be made on the basis of \$3 of state funds for every \$1 of private, federal, or county funds acquired by the Department for such purposes, up to the maximum state contribution of \$300,000.

Your Committee finds that Hawaii's accessible high mountains, ideal temperature ranges, clear air, geographic location, established infrastructure, and proximity to the equator make Hawaii an ideal location to establish a space technology industry. Your Committee further finds that the development of a broad-based space-related industry would bring job opportunities and diversified economic growth that would benefit the people of Hawaii for many years to come and enhance Hawaii's position in Pacific and Asian technological economic development.

Your Committee has changed the effective date to July 1, 1987 and reworded the last paragraph of the purpose clause. In addition, your Committee has made other technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1227, 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. 1227, H.D. 2, S.D. 2.

Signed by all members of the Committee.

SCRep. 1046 Ways and Means on H.B. No. 1312

The purpose of this bill is to amend section 164-1, Hawaii Revised Statutes, to allow the

salary of the special assistant to the Governor for agriculture, who serves as the chairperson of the governor's agriculture coordinating committee, to be fixed by the Governor rather than by statute.

Currently, section 164-1, HRS, fixes the salary of the assistant for agriculture at \$36,026 a year. Your Committee finds that because the position is that of a special assistant to the Governor, the Governor has a large measure of discretion in assigning functions and duties to the position and should be afforded flexibility in setting the salary.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1312 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1047 Ways and Means on H.B. No. 1324

The purpose of this bill is to exclude from gross income under the general excise tax law, amounts received on purchases made with food vouchers from the U.S. Department of Agriculture's Special Supplemental Food Program for Women, Infants and Children. The bill will conform Hawaii's statutes to the provisions of Public Laws 99-500 and 99-501 to ensure the State's participation in the program.

Your Committee notes that this bill is the companion to S.B. No. 1157 with which your Committee was in accord.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1324 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1048 Ways and Means on H.B. No. 1331

The purpose of this bill is to require the Child Support Enforcement Agency to maintain a special account for child support funds.

Under current law, a state officer or employee who receives child support payments must deposit the moneys in the state treasury. The use of this process entails delays in the disbursement of child support payments and could possibly generate law suits by custodial parents who do not receive their support payments in a timely manner.

Your Committee finds that this bill will make it possible for the Child Support Enforcement Agency to provide timely service to the thousands of individuals receiving court ordered child support payments.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1331, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1049 Ways and Means on H.B. No. 1361

The purpose of this bill is to amend the general excise tax law to: address the "gross up" problem by establishing the division of gross income between an operator of transient accommodations and a qualified travel agency or tour packager when transient accommodations are furnished through arrangements made by the travel agency or tour packager at noncommissioned negotiated contract rates; delete the exclusion from taxation of amounts of the transient accommodations tax passed on to transients; and include "fishing charters" under the definition of "tourism-related services" which are benefited under the existing "gross up" provision.

Your Committee finds, as intended by the Senate Committee on Tourism and Recreation, that this bill addresses the "gross up" problem for operators of transient accommodations while innovatively balancing revenue gains and losses and protecting against abuses. Your Committee also finds that fishing charters, although only a small segment of the tourism industry, are engaged in a cyclical business and are in need of the same favorable treatment provided to other "tourism-related services".

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1361, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1050 Ways and Means on H.B. No. 1365

The purpose of this bill is to make housekeeping and technical amendments for the consistent imposition of the transient accommodations tax.

This bill, in most part, is an administration proposal and has been formulated after discussions with representatives of the visitor industry and other affected taxpayers. Among other provisions, this bill clarifies the proceeds which are taxable, exempts from taxation accommodations furnished to students seeking post-secondary education, exempts from taxation complimentary accommodations, and requires reconciliation statements.

This bill is essentially the same as S.B. No. 1712, S.D. 2, the version reported to the floor by your Committee.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1365, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1051 (Majority) Ways and Means on H.B. No. 1469

The purpose of this bill is to appropriate general funds and reimbursable general obligation bond funds to pay various claims against the State.

At the request of the Attorney General, your Committee has amended the bill by adding appropriations to pay the claims of six cases which have been recently settled or resolved. The bill, as amended, appropriates \$9,664,186.25 for 58 cases.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1469, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1469, H.D. 2, S.D. 1.

Signed by all members of the Committee.
Senators Henderson and Ikeda did not concur.

SCRep. 1052 Consumer Protection and Commerce on H.B. No. 1532

The purpose of this bill is to allow banks, trusts, savings and loan associations, credit unions, industrial loan companies and their holding companies to engage in the secondary insurance business.

This bill would also prohibit the aforementioned financial institutions from taking deposits as collateral on secondary insurance and from offering credit conditioned on acceptance of secondary insurance.

Upon consideration of the testimony, your Committee has amended the bill by deleting all references to "secondary insurance" and "insurance policies" and replacing it with the term "reinsurance" to clarify the intent of the bill. On page 2, paragraph (3) was deleted as unnecessary. The term "collateral" was deleted on page 2, line 11 and replaced with "surplus or reserves". The bill was further amended by adding a definition of "reinsurance" to mean "insurance where the purchaser is an insurance company".

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1532, 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. 1532, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senators Aki, Chang, B. Kobayashi and Kuroda.

SCRep. 1053 Consumer Protection and Commerce on H.B. No. 1861

The purpose of this bill was to suspend the requirement that a condominium hotel operator be licensed as a real estate broker for one year from the effective date of the bill.

Act 141, Session Laws of Hawaii 1985, set the regulation and licensing requirements of a condominium hotel operator. Since the passage of that Act, however, new concerns have been raised about the condominium hotel operators and whether alternative means of regulation are necessary to meet these new concerns. Your Committee is informed that the Real Estate

Commission will be conducting further study on this matter and recommends suspending the real estate broker license requirement until the study is complete.

Your Committee has amended the bill by adopting the recommendation of the Real Estate Commission to add the following language:

"Fees shall be established by rules adopted by the director pursuant to chapter 91. Every operator of a condominium hotel shall pay an initial registration fee, biennial registration fee, and compliance resolution fee. Reregistration shall be on or before December 31 of each even-numbered year."

This amendment would provide specific language for registration fees and biennial renewals which are not currently provided in the statutes.

Since many non-tourist areas, especially residential areas, are used for the purposes of locating transient vacation rentals (TVR), a need has arisen to prevent such mixed use of property.

Therefore, your Committee has amended the bill to provide that if ninety percent or more of a project, horizontal property regime, or property is being used for TVR it shall be classified as a "hotel."

This action by your Committee will compel the counties to ensure that such mixed use patterns are not employed as a matter and function of zoning. Your Committee notes that some counties have already provided for regulation and restriction of TVR's in areas other than those zoned specifically for hotels, while others have not. Your Committee further notes that the use of TVR's is becoming even more prevalent and transient than hotels and thus should at least be classified accordingly.

An ancillary benefit of this action will be that TVR properties in residential areas should and will be used for the purpose of providing residential housing and accommodations to Hawaii's residents, the intended beneficiaries of all residential zoning.

Upon further consideration, your Committee has also amended this bill by adding a new section to chapter 514E providing for arbitration of time sharing disputes in accordance with rules adopted by the Director of Commerce and Consumer Affairs and the provisions of chapter 658.

Your Committee has also amended the bill by changing the word "subsection" in section 467-30(b) to "paragraph" to reflect the reformatting of that section in this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1861, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1861, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Chang, B. Kobayashi and Kuroda.

SCRRep. 1054

Consumer Protection and Commerce on H.B. No. 408

The purpose of this bill is to amend section 514A-82, Hawaii Revised Statutes, to require a member of a condominium board of directors to disclose a conflict of interest prior to the start of a board meeting.

Your Committee received testimonies from members of condominium boards and organizations recommending revision of the bill to assure disclosure of the nature of the conflict; to make it known to all owners who are interested that a conflict of interest exists; and to allow Board members the opportunity to disclose a conflict of interest prior to an unanticipated vote.

Your Committee, upon consideration, has amended paragraph (14) of section 514A-82 to read as follows:

"(14) A director shall not cast any proxy vote at any board meeting, nor shall a director vote at any board meeting on any issue in which the director has a conflict of interest. The director shall disclose the nature of the conflict of interest prior to a vote at the board meeting, and the minutes of the meeting shall record the fact that a disclosure was made."

Your Committee's intention in adopting the amendment is to provide that the disclosure of the conflict recorded in the minutes may be of a general nature, containing sufficient information so that owners may understand that a conflict exists, but information of a strictly confidential nature need not be recorded in the minutes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 408, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 408, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Chang and A. Kobayashi.

SCRep. 1055 Consumer Protection and Commerce on H.B. No. 1521

The purpose of this bill was to provide the Real Estate Commission with subrogation rights in cases where it has settled a claim against the Real Estate Recovery Fund.

Currently, section 467-22, Hawaii Revised Statutes, specifically provides the Real Estate Commission with subrogation rights in cases where it pays from the recovery fund, pursuant to court order, an unsatisfied judgment against a real estate licensee for fraud, misrepresentation, or deceit. However, the statute is silent as to the Commission's subrogation rights in cases where a case is settled and there is no court order requiring payment from the recovery fund. This bill will specifically give the Commission subrogation rights in such instances.

The Real Estate Commission supports the bill as a housekeeping measure that would eliminate the cumbersome written agreements presently used in settlement cases to provide for the Commissioner's subrogation rights.

Your Committee has amended the bill by adding the substance of S.B. No. 870, S.D. 1, which requires any seller, lessor, broker, or sales agent to provide timely notification to a prospective buyer, lessee, or tenant, prior to any property transaction, if the property is in an area designated in Flood Insurance Administration maps, Airport Noise Control and Land Use Compatibility maps, Air Installation Compatibility Use Zones, or Department of Defense Civil Defense Tsunami Inundation maps.

Your Committee finds that this vital information should be readily available to consumers so that they may make informed decisions prior to acquiring an interest in real property in the State.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1521, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1521, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Chang and A. Kobayashi.

SCRep. 1056 Consumer Protection and Commerce on H.B. No. 1525

The purpose of this bill was to establish definitions of "class action" and "de facto class action." This bill would also amend chapter 480, Hawaii Revised Statutes, to provide that the penalties established for violations of section 480-2, found in section 480-13(a), shall not apply to class actions or de facto class actions, and instead will be covered by the penalty provisions of section 480-13(c).

Current law is unclear as to whether an attorney, other than the attorney general, can represent indirect purchasers in a class action law suit and recover damages outlined in section 480-13(a). This situation has been interpreted by some courts as allowing individual plaintiffs who can prove that they have been injured because of an antitrust violation to recover a minimum amount of \$1,000, regardless of the actual amount of damages sustained. Other courts have taken the opposite view.

In testimony presented by two deputy attorneys general, it was stated that when the legislature enacted these provisions, it was aware that damages might be de minimus in a consumer action and specifically provided for the \$1,000 award or treble damages to cover that possibility. Senate Standing Committee Report No. 600 attached to S.B. No. 1014-69 stated "An award of \$1000 or three fold damages, whichever is greater, will not only encourage the filing of complaints in these cases but also act as an additional deterrent to those who would practice unfair and deceptive business acts."

Your Committee received supporting testimony from attorney Robert Miller who stated that

this situation needs to be clarified so that members of the business community will not be unfairly subjected to needless litigation as well as face constitutionally unsound financial exposure. This type of punishment would go far beyond that which is economically reasonable and constitutionally sound. He further stated that this bill will remove any "colorable ambiguity" in the statutory provisions and will prevent any future confusion as to the validity of civil litigation in this area.

After listening to extended testimony and carefully deliberating as to the ramifications of both the existing law and the proposed amendments, your Committee has amended the bill as follows:

- (1) Provided that the \$1,000 minimum recovery provision is only applicable to consumer suits based on unfair or deceptive practices brought under section 480-2, unfair and deceptive practices;
- (2) Provided that persons may file class action and de facto class action suits under 480-13 without regard to the actions of the department of the attorney general;
- (3) Provided that those persons who file class action and de facto class action suits under 480-13 may only be compensated for actual damages and costs;
- (4) Provided that the courts and the office of consumer protection shall be guided by rules of interpretation given by the Federal Trade Commission; and
- (5) Provided that suits based upon unfair or deceptive acts or practices under section 480-2 may be brought only by consumers, the attorney general, or the office of consumer protection, in effect precluding its application to private disputes between businessmen.

Your Committee finds that the \$1,000 minimum recovery should not apply to antitrust violations, but only to unfair and deceptive practice violations. Also, aggrieved persons should be able to file class action and de facto class action suits without having to wait for the attorney general to file his own, because the office of the attorney general acts on the principle that it must meet higher than normal standards of proof before it can bring a cause of action against antitrust violators. Your Committee believes this will result in action being brought in a timely manner.

Your Committee also believes that private enforcement of antitrust laws is beneficial to the judicial process as it discourages violations and eases the burden on the attorney general's limited resources.

Your Committee further finds that only damages sustained should be compensated, plus costs and attorneys' fees, to prevent persons from receiving \$1,000 in damages when their actual damages were much less. Your Committee believes that it was not the intent of Hawaii's antitrust penalties to be overly excessive and unjust in relation to the amount of damages caused.

Your Committee further amended the bill by providing for a retroactive effective date and by adding a severability clause.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1525, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1525, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang and A. Kobayashi.

SCRep. 1057

Consumer Protection and Commerce on H.B. No. 1528

The purpose of this bill is to delete the existing limitations on the issuance of investment certificates and debentures by industrial loan companies and instead replace it with a minimum capital requirement.

The bill also sets forth the regulatory framework for ensuring compliance with the requirements.

All industrial loan companies in Hawaii that issue investment certificates and debentures are now required to have these accounts insured up to \$100,000 by the Federal Deposit Insurance Corporation (FDIC). With the acquisition of the federal deposit insurance by the industrial loan companies, it is no longer necessary to limit the amount of thrift accounts a company has

outstanding, based on its paid up capital and surplus. However, in order to ensure that the companies are operating in a prudent and sound manner, this bill sets forth minimum capital requirements based on FDIC standards.

This bill would:

- (1) Essentially repeal subsection 408-14(c), Hawaii Revised Statutes, on investment certificates and debentures issued by industrial loan companies. The subsection presently provides guidelines for establishing a ratio by which the Commissioner can regulate and monitor industrial loan companies;
- (2) Require industrial loan companies to maintain a minimum capital level based on FDIC regulations;
- (3) Require the Commissioner of Financial Institutions to monitor and serve a notice of intent to issue an order on industrial loan companies that fall below minimum levels within twenty days from the Commissioner's determination;
- (4) Provide the industrial loan company served, twenty days to file an explanatory response to the Commissioner;
- (5) Require the Commissioner to provide the industrial loan company served with a determination explaining the Commissioner's findings and recommendations;
- (6) Allow the industrial loan company served to request a reconsideration of the Commissioner's findings; and
- (7) Allow the Commissioner's order to be appealed to the circuit court;
- (8) Provide the Commissioner requisite flexibility in determining minimum levels of industrial loan companies; and
- (9) Distinguish between an industrial loan company that has thrift accounts and one that does not.

Your Committee has amended the bill by deleting the twenty day requirement on the Commissioner to serve a written notice of intent to issue an order. The requirement is too restrictive and may cause confusion and problems.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1528, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1528, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Chang and A. Kobayashi.

SCRep. 1058

Consumer Protection and Commerce on H.B. No. 1529

The purpose of this bill is to allow an industrial loan company to sell personal property insurance on property which the company does not have any security interest.

Under present law, industrial loan companies are allowed to sell insurance on property in which they are taking a security interest; i.e., a chattel mortgage. Your Committee finds that in 1986, the Federal Trade Commission limited the use of furniture and household goods as security for loans only to new purchases. Prior to 1986, industrial loan companies typically took a general chattel on all of a consumer's household goods. Borrowers who purchase insurance on property in which an industrial loan company has a security interest may desire to insure other household goods not subject to a security interest at the same time. This bill would allow industrial loan companies to provide that insurance coverage.

The bill also allows industrial loan companies to collect involuntary unemployment insurance premiums from borrowers to protect them in the event they lose their job.

Your Committee heard testimony from the Hawaii Financial Services Association that this bill would expand the insurance protection industrial loan companies can offer their customers.

Your Committee has amended the bill by deleting the provision which allows industrial loan companies to collect involuntary unemployment insurance premiums from borrowers.

Your Committee has also made technical changes to conform to recommended drafting style.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1529, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1529, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Chang, B. Kobayashi and A. Kobayashi.

SCRep. 1059 Consumer Protection and Commerce on H.B. No. 1656

The purpose of this bill was to increase from \$100,000 to \$300,000 the amount of a loan or investment which must be reviewed and approved by a bank's board of directors.

Your Committee received testimony from the Department of Commerce and Consumer Affairs in support of the bill.

Your Committee notes that the amount of \$100,000 was set by the 1978 Legislature and that the amount is now outdated and fails to reflect the effects of inflation.

Your Committee has amended the bill by raising the proposed increase to \$500,000, while retaining the one-half percent capital and surplus limit, whichever is less, requirement. Your Committee believes that this is an equitable standard for banks of all sizes. Your Committee further believes that this higher amount will ease the burden of bank boards overloaded with having to review simple and relatively small loans.

Your Committee has further amended the bill by adding provisions for the establishment of charge free bank accounts. Under this amendment, no bank would be allowed to impose a fee, charge, or other assessment against a savings or checking account for directly deposited social security, government payroll, or other periodically issued checks. However, the bank would be entitled to impose a reasonable charge if there are insufficient funds to pay a check drawn on the account or if the account holder writes more than twenty-five checks on the account per month or statement cycle.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 1656, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1656, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Chang and A. Kobayashi.

SCRep. 1060 Planning and Environment on H.B. No. 380

The purpose of this bill is to provide an administrative appeal for a determination made by a state or county agency regarding the necessity of an environmental impact statement (EIS).

This bill would direct such appeals to the State Environmental Council, which would render a decision within 30 days.

Your Committee finds that the Council has on occasion considered and taken action on agency determinations, but the lack of specific statutory authorization has raised questions regarding the extent to which the Council could act. The only remedy presently available to persons aggrieved by an EIS determination is to appeal the decision in court. This imposes an undue burden on both the party appealing the decision and the court system. It seems particularly unfair to require citizens to hire legal counsel in order to go to court for the sole purpose of insuring that the law is properly administered. They should be first afforded the opportunity of an administrative appeal.

Although your Committee received many favorable testimonies, your Committee finds that a review of this administrative appeals process should be made after five years, and has therefore amended the bill accordingly. Your Committee has also amended the bill by changing references to section 342-7, on page 2 line 8, and page 4 line 11, to section 343-7 which is the proper section relating to judicial appeals.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 380, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 380, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Solomon and Reed.

SCRep. 1061 Planning and Environment on H.B. No. 375

The purpose of this bill is to authorize the Director of Health to establish: (1) interim action levels for contaminants in drinking water which have no federal standards established, after confirmation of the presence of such contaminants in public water supplies; and (2) State standards for these contaminants within two years of the establishment of the interim action levels if adequate scientific information is available.

Your Committee received numerous testimonies and notes that clear governmental authority to regulate potential contaminants of water resources is an essential prerequisite to initiating timely corrective measures in the event of drinking water contamination. Your Committee believes that regardless of whether or not federal guidelines and standards for contaminants in drinking water have been established, clear authority to protect the public from unacceptable exposures to chemical contaminants should be within the jurisdiction of the Department of Health.

Your Committee finds that this bill is necessary but needs to be strengthened by incorporating some of the language suggested from testimonies received.

Your Committee has therefore amended the bill as follows:

- (1) Deleted the phrase "confirmation of the presence of such contaminants in public water supplies." and added "the determination of the presence of such contaminants in public water supplies as demonstrated by reliably analytical data." in Section 1, lines 15 to 17, page 1, to address the ambiguity of the word "confirmation," which apparently cannot be adequately defined;
- (2) Added the term and definition of "Reliable Analytical Data" in Section 2, line 14, page 3, to replace the use of the word "confirmed," for the reason stated in (1), above;
- (3) Deleted the word "shall" and added the word "may" after the word "guidelines" in Section 2, line 2, page 4, to allow for the utilization of other available guidelines;
- (4) Deleted the words "the costs of the" and added "water" after the word "consider" in Section 2, line 5, page 4, to specify the type of treatment to be considered rather than focus on the issue of cost;
- (5) Deleted the word "orders" and added the word "guidance" after the word "issuing" in Section 2, line 17, page 4, to address the potential unconstitutionality of allowing the Department of Health to enforce action levels without going through formal rulemaking;
- (6) Deleted the phrase "including orders requiring the provision of alternative water supplies by persons who caused or contributed to the contamination; and" after the word "system" in Section 2, lines 21-22, page 4, for the same reason noted in (5), above;
- (7) Deleted the sentence "Commencing a civil action for appropriate relief, including a restraining order or permanent injunction" and added instead "Notifying the public through the media of the establishment of an interim action level" in Section 2, lines 1-3, page 5; for the same reason as noted in (5), above;
- (8) Deleted the words "unconfirmed" and "confirmation of" and added "undetected" and "detecting," respectively in Section 2, page 5, line 21 and page 6, line 2, to address the ambiguity of the word "confirmed";
- (9) Added the following sentence after the word "contaminant," in Section 2, line 1, page 6, to provide clarification on the term "written communication":

"The written communication shall contain information known to the supplier on the level of detection, location (including depth of the source), date, well construction, and analytical method used, including information on the precision, accuracy, and limit of detection of the method and any quality assurance and control procedures,";
- (10) Deleted the words "unconfirmed" and "confirmed" and added "undetected" and "detected" in Section 2, lines 4 and 8 respectively, page 6, to address ambiguity of the term "confirmed";
- (11) Deleted the words "of confirmation" and added "of the development of reliable analytical data" in Section 2, line 6, page 6, to address the ambiguity of the term "confirmation"; and
- (12) Deleted the words "sufficient information" and added "reliable analytical data" in Section

2, line 7, page 6, to address the ambiguity of the term "sufficient information."

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 375, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 375, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Solomon and Reed.

SCRep. 1062 Judiciary on H.B. No. 331

The purpose of this bill is to establish different penalties for minors who violate Section 281-101.5, Hawaii Revised Statutes, than are provided for adults.

Your Committee agrees with the Senate Committee on Government Operations that there should be different penalties between minors who purchase or possess liquor, and adults who purchase liquor for consumption or use by a minor. However, your Committee has revised the penalty so that if a minor violates subsections (b) or (c) of Section 281-101.5, the penalty will be a petty misdemeanor, rather than a violation. This is a logical change because a petty misdemeanor is the next lower penalty after a misdemeanor.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 331, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 331, S.D. 2.

Signed by all members of the Committee except Senator Holt.

SCRep. 1063 Judiciary on H.B. No. 1270

The purpose of this bill is to clear up confusing and ambiguous language in the current statutes as it relates to the re-registration of persons moving within the state.

Your Committee heard the companion bill, S.B. No. 1141.

To clarify and standardize the procedures for re-registration of voters, this bill makes three substantive changes. First, it adds a new section which allows election officials to remove the names of voters where a voter notification has been returned as undeliverable and there is no forwarding address. Second, it rewrites Sections 11-18 and 11-19, Hawaii Revised Statutes, relating to re-registration when moving between precincts and counties, to ensure that both moves are handled alike. Third, it amends section 11-21, Hawaii Revised Statutes, to clearly state that a person who has not re-registered as required by law will not be allowed to vote at the election.

Your Committee has made nonsubstantive amendments to correct typographical errors and for drafting style.

Your Committee on Judiciary is in accord with the intent and purpose of H.D. No. 1270 as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1270, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 1064 Judiciary on H.B. No. 459

The purpose of this bill is to make substantive changes in the procedures for conducting investigations into allegations of provider fraud and abuse in the Hawaii Medical Assistance (Medicaid) program.

Specifically as received, this bill would have repealed subsections (b), (c), and (d) of section 346-40, Hawaii Revised Statutes (HRS), which requires providers to grant representatives of the Attorney General's office and the Department of Social Services and Housing (DSSH) access to their records and authorizes the DSSH to suspend payments to providers who do not keep adequate records or fail to make them available for inspection. In addition, the bill would have repealed section 28-9, HRS, which establishes the Medicaid Fraud Unit in the Department of the Attorney General, as of July 1, 1988.

Your Committee received numerous testimonies in support of restricting the authority of the Medicaid Fraud Unit. On the other hand, both the Department of the Attorney General and the Department of Social Services and Housing (DSSH) voiced objections. As a result your Committee is cognizant of the serious concerns over past practices of the Medicaid Fraud

Unit. However, it is noted that medicaid fraud does exist as evidenced by convictions of certain providers in the past.

Thus your Committee believes that termination of the medicaid fraud unit is not prudent and amended this bill by deleting all provisions of this bill and substituting in its place the provisions of S.B. 1429, S.D. 1.

Your Committee received testimonies in support of S.B. 1429, S.D. 1 from numerous individuals and professional organizations, including the Hawaii Federation of Physicians & Dentists, the Hawaii Medical Association, the Hawaii Psychiatric Society, the Hawaii Psychological Association, and the Queen's Medical Center. The Attorney General supported the intention of that bill which is to require a balanced approach in the detection and correction of fraud and abuse against the Medicaid program.

As amended, this bill requires that the DSSH conduct a preliminary investigation of any complaint that a provider has engaged in fraud or abuse in Medicaid, with the assistance, if requested, from the Medicaid Fraud Unit. The bill, establishes procedures for full investigation, upon findings that abuse or fraud may have occurred, by DSSH for cases of suspected abuse or by the Medicaid Fraud Unit of the Department of the Attorney General for cases of suspected fraud.

The bill provides that administration inspection warrants must comply with probable cause standards under the Fourth Amendment of the United States Constitution and Article I, Section 7 of the Hawaii Constitution. It further stipulates that an attorney general subpoena shall not be used to obtain a patient's records.

The bill provides for notice to the provider and establishes the provider's rights during a full investigation. It establishes provisions relating to the suspension and termination of a provider from participation in the Medicaid program, grounds for actions by the provider, and procedures for reinstatement of the provider.

In addition the following suggestions made by the Attorney General were incorporated into the bill:

- eliminated the requirement of prior notification of a full investigation to a provider to prevent the possible destruction of evidence;
- eliminated the stipulation that interviews during the full investigation be recorded, so as not to have subjects, for a variety of reasons, refuse an interview;
- delete requirements for notice twenty days prior to indictment since there is no counterpart in the existing criminal code;
- included a section that wilfull or persistent failure or refusal to comply with rules and policies governing participation in the Medicaid program is grounds for suspension or termination.

Your Committee believes that this bill will address the serious concerns about current practices of the medicaid fraud control unit.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 459, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. 459, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Holt.

SCRep. 1065

Judiciary on H.B. No. 208

The purpose of this bill is to make it clear that where a minor is charged with murder or attempted murder in the first or second degree, the minor would be subject to a mandatory waiver proceeding, just as the minor would have been under prior law.

Your Committee on Judiciary has amended the bill to remove the phrases "or attempted murder" from the bill, because the Hawaii Penal Code already provides the conditions under which a person can be charged with criminal attempt and found guilty. To add "attempted" to each crime is redundant, and defeats the purpose of the codification of the penal code.

Your Committee finds that this a housekeeping measure and brings the law into conformity with legislative intent and prior law.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 208, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 208, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 1066 Judiciary on H.B. No. 421

The purposes of this bill is to increase efficiency in the search of land titles, to reduce the cost of title searches through increased efficiency, and to provide for a uniform, statewide method of record search based on a parcel identifier system.

Your Committee on Judiciary received testimony in support of this measure from the Department of Land and Natural Resources, and the Judiciary. It is clear to your Committee that this bill will increase the efficiency of land title searches. However, your Committee is concerned that if tax map keys are not correct, the efficiency sought will not be achieved and problems may result from the inaccuracy of the tax map keys. Therefore, your Committee has amended the bill to require that the person who seeks to register the real property certify to the accuracy of the tax map key or keys.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 421, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 421, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 1067 (Majority) Judiciary on H.B. No. 1267

The purpose of this bill is to propose an amendment to Article II, Section 1, of the Constitution of the State of Hawaii to change the age qualification for voting to include all those persons who shall have attained the age of eighteen on or before December 31 of the year in which the election is held.

Your Committee heard the companion bill, S.B. No. 1138.

At the present time, a person is eligible to vote if the person attains the age of eighteen on or before the date of the election. Consequently, those who become eighteen after the latter part of September are not eligible to vote in the primary election and those who become eighteen after the beginning of November are not eligible to vote in the general election.

Your Committee believes it is important to stimulate the interest of young people in the electoral process. It has been found that, generally, those who vote when they are first eligible to tend to vote regularly throughout their adult lives.

Your Committee finds that this bill, will by expanding voter eligibility to include all those who attain the age of majority during the election year, increase interest in the electoral process.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1267, 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 Holt.
Senators Menor, Chang, Cobb and George did not concur.

SCRep. 1068 Consumer Protection and Commerce on H.B. No. 854

The purpose of this bill is to authorize the Insurance Commissioner to establish and regulate long-term care insurance.

More specifically, the bill provides as follows:

1. Includes the definition of "long-term care insurance" as a group or individual policies for medically necessary services provided in a setting other than an acute care unit of a hospital;
2. Prohibits advertising unless it complies with the requirements of the bill;
3. Allows the commissioner to adopt rules for full and fair disclosures of the terms and conditions of long-term care insurance contracts;
4. Provides that no long-term care insurance policy may be cancelled or terminated for a preexisting condition under certain circumstances;
5. Provides that long-term insurance for benefits only following institutionalization may not

condition the benefits;

6. Provides that the commissioner may adopt rules establishing loss ratio standards for long-term care insurance policies;
7. Requires the insurer to deliver to an applicant an outline of coverage;
8. Creates a right to return the policy within ten days of delivery and to have the premium refunded;
9. Authorizes the Commissioner to adopt rules.

Your Committee has received testimony in support of the bill from the Insurance Commissioner, the Department of Social Services and Housing, the Executive Office on Aging, the Hawaii State Legislative Committee of the American Association of Retired Persons, the Healthcare Association of Hawaii, and the Hawaii Association for Home Care.

The bill is made pursuant to a model state legislation developed by the Advisory Committee on Long-Term Care of the National Association of Insurance Commissioners. The increasing cost of medical care and the constraints on public funding for medical care have increased the financial burden of the elderly. Moreover, Medicare, the federally administered health insurance program for the elderly, does not provide adequate coverage for long-term intermediate and custodial care. Medicare provides for acute and skilled nursing care, but not for more chronic forms of long-term care. Your Committee finds that long-term care insurance will benefit the public.

Your Committee, upon the recommendation of the Department of Social Services and Housing and the Department of Commerce and Consumer Affairs, has amended the bill as follows:

1. Amending the definition of preexisting condition. The definition in H.D. 1 does not help to standardize the types of conditions for which an insurance company can deny an applicant's application. It appears that the definition was written more for short term conditions with a definite cure date. Because most clients requiring long term care will be suffering from chronic conditions, it would be helpful to establish some guidelines as to what preexisting conditions would disqualify an individual from obtaining coverage.
2. Clarifying "prior institutionalization" to include home care programs, such as acute hospitalization, an intermediate care facility or a skilled nursing facility.
3. Adding a new section containing the following language:

"Nothing in sections 431- to 431- shall limit or restrict the sale or offering for sale in this State of insurance which provides long-term care benefits in noninstitutional settings, including a private residence."

Your Committee has further amended the bill by making a technical change which has no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 854, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 854, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki and Chang.

SCRep. 1069

Consumer Protection and Commerce on H.B. No. 498

The purpose of this bill was to provide for the continued regulation of dispensing opticians until December 31, 1993 and to implement various changes in chapter 458, Hawaii Revised Statutes, which were recommended by the Legislative Auditor.

Your Committee received testimony generally in support of the bill from the Board of Examiners in Optometry, the Board of Dispensing Opticians, and the Hawaii Optometric Association. The Opticians Association of Hawaii stated reservation towards this bill and expressed a preference for the bill's Senate companion version.

Your Committee finds the need to amend this bill in order to achieve its objectives, and has done so as follows:

- (1) Required that all applicants for license to engage in the occupation of dispensing optician meet at least one of the following requirements: (A) have at least the equivalent of a high school education and three years of work experience; (B) have graduated from an accredited opticianry school; or (C) have previously been licensed in another jurisdiction which required successful completion of the two national written examinations; and pass a practical examination. Your Committee notes that the statutes are currently silent on the matter of education or experience, although such are provided in the Board's rules, and finds that a practical examination would ensure the competency of the practitioner;
- (2) Added a new section to chapter 458 requiring opticians who dispense contact lenses to inform their clients in writing that they should return to the prescribing ophthalmologist or optometrist after being fitted, to ensure that the prescription was properly carried out;
- (3) Clarified the distinction between a license to engage in the occupation of dispensing optician and a certificate to engage in the business of dispensing optician;
- (4) Provided that the effective date for the section on contact lenses be January 1, 1988, to give the Board sufficient time to prepare the necessary forms;
- (5) Extended the existence of the Board until December 31, 1990;
- (6) Required the Board to meet a minimum of four times a year, and each member to attend at least half of the meetings or be removed, in order to ensure the ability of the Board to conduct essential business; and
- (7) Deleted the proposed repeal of section 458-13(3) which prohibits dispensing opticians from utilizing the services of an optometrist, physician, surgeon, or other practitioner of any other profession for the purpose of examination or treatment of the eyes.

It is the understanding of your Committee that the Board of Dispensing Opticians will be working to (1) establish requirements for specific training to be covered in the three years of work experience required of individuals applying for licensure under Chapter 458; (2) set forth the specific information and techniques to be tested in the practical examination administered by the Board; and (3) create and approve the contact lens referral form required by section 14, and the rules that will be adopted to that effect. The effective date for section 14 of the bill has been changed to January 1, 1988 to give the Board time to develop the contact lens form.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 498, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 498, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Fernandes Salling, B. Kobayashi and Matsuura.

SCRep. 1070

Consumer Protection and Commerce on H.B. No. 516

The purpose of this bill was to conform chapter 440G, Hawaii Revised Statutes, to applicable federal regulations and statutes, and to update provisions for the orderly regulation of cable communications.

The bill establishes cable franchise application requirements and standards for issuance, and contains guidelines for cable system installation, construction, operation, and removal, and the use of easements dedicated to compatible purposes. In addition, the Director of Commerce and Consumer Affairs is empowered to fine cable operators for violations and determine an annual fee for them to pay for the purpose of administering the statute, and, to the extent permitted by federal law, for public, educational, and governmental purposes. The Department is also directed to adopt rules for the administration of chapter 440G, Cable Television Systems.

Significant, far-reaching changes have come to the cable television industry since the passage of legislation establishing chapter 440G in 1970. Additionally, the enactment in 1984 of the federal Cable Communications Policy Act (47 United States Code 521) further affected the cable television industry nationwide in that it deregulated user fee setting within the industry and deferred to states certain rights of regulation and administration of industry franchises.

Your Committee considered testimony by Henry L. Freund, television producer of documentaries; the Hawaii Cable Television Association; Gene Gerrard, president of the Community Television Producers Association; the Department of Commerce and Consumer

Affairs; Esther Yoon, community television producer; Sean McLaughlin, television producer/director and university lecturer; and Prof. Majid Tehranian, chairman, Department of Communication, University of Hawaii (Manoa).

During the hearing on this bill your Committee chairman stated his concern that since the State has no authority under federal law to regulate rates, the legislature cannot mandate fees for community programming without assurance that such fees would not be passed on to consumers, the cable subscribers. Under federal rules the State may designate one or more channels apiece for public, educational, or governmental purposes as long as the programming time is fully utilized. Should it not be, then channel compression or reduction would be in order. This subject is presently covered in departmental rules.

The chairman expressed interest in limiting "preview" cable channels to one only per system, but inasmuch as federal law provides for public, educational, and governmental access channels only, recognized that the imposition of a one "preview" channel only rule might be in conflict with federal guidelines.

The chairman also questioned the lack of state authority to control rates even in geographically restricted locations such as Palolo Valley where there appears to be "no effective competition," a key phrase in the exceptions and exemptions language of the federal rule. In amending this bill your Committee has instructed the Department to appeal to the Federal Communications Commission the lack of state regulatory power despite an apparent lack of effective competition in certain limited transmission areas.

Your Committee decided on these additional amendments:

- (1) Changed the renewal period of a franchise from ten to twenty years to five to twenty years;
- (2) Required cable systems to maintain three or more access channels each for public, educational and governmental usage, and to provide that franchise applicants, both initial and renewal, include proposed plans and schedules of expenditures for these purposes;
- (3) Deleted the bonding requirements on page 19, lines 4-16, to be consistent with action taken on S.B. No. 722, S.D. 1, relating to cable television (Standing Committee Report No. 488, March 10, 1987);
- (4) Deleted the language on page 31, lines 4-6, relating to annual fees; and
- (5) Other nonsubstantive, technical amendments.

Your Committee, aware of its responsibility to protect the rights of consumers, notes that despite the lack of definitive state authority over rate regulation, the State does have authority over the grant and renewal of cable system franchises. Your Committee observes that should cable television subscriber rates rise dramatically in the future, exceeding the national average for such rate increases, or outstripping the Consumer Price Index, this reasonably would be a matter of inquiry when next the cable system involved sought a renewal of its franchise, and could result in a shorter approved period than what was sought.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 516, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 516, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Fernandes Salling, B. Kobayashi and Matsuura.

SCRep. 1071

Consumer Protection and Commerce on H.B. No. 520

The purpose of this bill was to clarify, update, and strengthen the laws relating to the practice of cosmetology as provided in Chapter 439, Hawaii Revised Statutes.

This bill is primarily a housekeeping measure and includes (1) two new sections providing for the right of injunction and cumulative penalties to enforce violations of the chapter; (2) definitions for beauty operator, cosmetologist, cosmetology, manicurist, and temporary permit; (3) allowance of the practice of barbering in a beauty shop; (4) a prohibition of a cosmetician to use appliances and apparatus considered medical prescription devices; (5) exceptions for registrants to practice outside of a beauty shop; and (6) the granting of authority to the Board of Cosmetology to take disciplinary action.

Your Committee received supporting testimony from the Board of Cosmetology and finds that changes to the cosmetology provisions are necessary in order to maintain the standards of professional cosmetology services available to the people of Hawaii.

Upon consideration of the bill and the testimony received, your Committee has amended the bill as follows:

- (1) Provided that a temporary permit shall be good for only one year from the date of issuance;
- (2) Provided that apprentices, instructor-trainees, and applicants shall meet the education requirement if they are possessed of an education equivalent to the completion of high school. This amendment is not intended to raise or lower the current education standard but rather to account for the fact that there are both three year and four year high schools in Hawaii;
- (3) Allowed individuals affiliated with cosmetology schools to sit on the Board of Cosmetology;
- (4) Deleted the sentence beginning "The board" on page 19, line 16, and amended paragraph (d) on page 20 to conform the language of the bill to the intent to delete the requirement that a beauty shop be managed by a managing operator; and
- (5) Made numerous nonsubstantive technical changes for the purposes of style and clarity and to correct drafting errors.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 520, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 520, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Fernandes Salling, B. Kobayashi and Matsuura.

SCRep. 1072

Consumer Protection and Commerce on H.B. No. 896

The purpose of this bill was to require licensed real estate brokers and salesmen to attend ten hours of continuing education, as determined by the Real Estate Commission, during the two years prior to license renewal. Failure to do so would result in the license becoming inactive, but it could be reactivated by satisfying the continuing education requirement and furnishing proof thereof.

Your Committee noted that this bill, which is similar in language and purpose to S.B. No. 1002, had been amended to delete the phrase "or its equivalent" from the following extract of the original bill (page 1, lines 5-8):

"Prior to the license renewal...the licensee shall provide the commission with proof of having attended ten hours of continuing education or its equivalent as determined by the commission..." (emphasis added).

This amendment was made to give the Commission "discretion to determine the programs for the continuing education requirement" (House Standing Committee Report No. 528, March 11, 1987).

Your Committee, however, is in agreement with the testimony of the Real Estate Commission, received at its hearing of this bill, that the deleted phrase should be restored, and has acted to do so.

Your Committee has further amended the bill by adding a new section to Chapter 467, Hawaii Revised Statutes, to become effective on September 1, 1987, requiring that prospective purchasers and lessees of real estate be informed of surrender, reversionary, and other limiting language in the documentation pertaining to the real estate in question, and tasking real estate brokers and salesmen with this responsibility. It provides that failure to so inform constitutes basis for voiding the transaction at the option of the purchaser/lessee, for a period of five years.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 896, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 896, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Fernandes Salling, B. Kobayashi and Matsuura.

SCRep. 1073 Labor and Employment on H.B. No. 1499

The purpose of this bill is to exempt from civil service coverage, positions allocated to the governor by the general appropriations act.

Your Committee agrees that the governor's office should be given some flexibility in the recruitment and hiring of individuals for special and unique projects and events, however, a provision of general law such as Chapter 76 of the Hawaii Revised Statutes should not have its scope limited by the codification of specific position counts which may vary from fiscal year to fiscal year.

Your Committee believes that the purpose of this amendment is only to insure that any authorized staffing flexibility provided to the governor in various fiscal years by specific or general appropriation acts, will not conflict with provisions of general law. It is generally recognized that a more appropriate vehicle for the specific enumeration of such position counts would be the General Appropriations measure which is reviewed by the legislature during each regular session.

It is the intent of your Committee that the flexibility granted to the governor by this bill, is to be used for the hiring of exempt employees and not to convert currently exempt positions to civil service.

Your Committee has amended the bill by making technical changes which have no substantive effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 1499, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1499, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1074 Labor and Employment on H.B. No. 371

The purpose of this bill is to clarify and strengthen the laws on collective bargaining.

Specifically this bill deletes certain rights of a public employer which are non negotiable collective bargaining items as provided in Section 89-9(d) Hawaii Revised Statutes; changes the unit designation for bargaining unit 10 under Section 89-6(a); and establishes a standard for review of the showing of interest required to support a petition for decertification under Section 89-7.

Under current law, a public employer has the right to "determine qualification, standards for work, the nature and contents of examinations, hire, promote, transfer, assign, and retain employees in positions and suspend, demote, discharge, or take other disciplinary action against employees for proper cause;... [and] relieve an employee from duties because of lack of work or other legitimate reason;...[and] determine methods, means, and personnel by which the employer's operations are to be conducted; and take such actions as may be necessary to carry out the missions of the employer in cases of emergencies." This bill would allow these items to be negotiated in collective bargaining agreements. Your Committee finds that the bilateral or joint decision making process, which is the fundamental principle on which collective bargaining rests, should apply to these items to enable both the state and its employees to jointly benefit from the collective bargaining process.

Your Committee has carefully considered testimony suggesting that a procedure and appropriate standard be established to verify that petitions seeking decertification of employee representatives are truly supported by public employees in sufficient number. Under current law, any petition before the Hawaii Labor Relations Board for a representation election requires support from thirty percent of the affected bargaining unit evidenced by petitions which have been signed within six months of the filing for an election. There is no procedure established by the Board to verify employee signatures and to insure that the true desires of the petitioning employees is shown in a timely and appropriate manner. Since the potential for fraud, misrepresentations, and other misdeeds exists, Section 2 of this bill requires the Board to insure that a valid and adequate showing of employee interest in a change of representation is clearly demonstrated. The bill also provides appropriate reviews of any determination of the board before any election is conducted whenever a valid challenge to a showing of interest is presented.

This bill would also change the bargaining unit designation for unit 10 from "nonprofessional" employees to "institutional, health and correctional workers."

Your Committee has amended the bill by restoring the original language of subsection 89-6(a), Hawaii Revised Statutes, which designates unit 10 members as "nonprofessional" employees rather than the proposed designation of "institutional, health and correctional workers."

Your Committee has also amended the bill by making technical changes which have no substantive effect.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 371, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 371, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1075 Labor and Employment on H.B. No. 444

The purpose of this bill is to amend Section 383-30, Hawaii Revised Statutes (HRS), by establishing a seven week disqualification period for claimants who voluntarily separate from employment without good cause and those who are discharged for gross misconduct.

Claimants who are discharged for theft or embezzlement on the job are disqualified until they are re-employed for at least five consecutive weeks following their discharge.

After due consideration and review, your Committee has amended the bill by replacing the substance of the bill with Section 383-61, HRS. The new substance proposes to amend Section 383-61, HRS, to provide for variable taxable wage bases depending on the relationship of the fund balance to the adequate reserve level as defined in Section 383-63, HRS.

The proposed amendment changes the current statute which requires that employers pay contributions on wages up to the average annual wage, regardless of the status of the Trust Fund. This 100 percent taxable wage base was instituted in 1977 when unemployment was very high and the unemployment insurance program was recovering from an insolvent Trust Fund.

Your Committee finds that the amendment will apply an additional adjustment factor to the unemployment insurance financing structure which, together with the existing fund solvency contribution rate, will more effectively respond to rapid increases in the fund balance in excess of the adequate reserve level, while ensuring that tax collections are sufficient to maintain program solvency.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 444, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 444, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1076 Labor and Employment on H.B. No. 445

The purpose of this bill is to amend Chapter 394B, Hawaii Revised Statutes, to prevent sudden displacements of workers by unannounced plant closures, partial plant closures, and relocations of business establishments.

The provisions of the bill require employers to: (1) give employees and the Director of Labor and Industrial Relations written notice 90 days prior to the closing, partial closing or relocation; (2) pay for continued group health insurance for up to 120 days; and (3) pay all wages, benefits, and other forms of compensation due to employees upon the effective date of a closing, partial closing or relocation.

Your Committee, upon consideration of the testimony received, has amended to:

- (1) Reduce the 90 days written notification requirement of employers to 30 days;
- (2) Reduce the 120 day requirement of employers to pay for group health insurance to 60 days;
- (3) Delete the definition of and all references to "partial closing." Testimony received

directed concerns to cases of total closures as a major problem; and

- (4) Substitute "shall" for the word "which" in line 9, page 4 of the bill for the purpose of clarity.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 445, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 445, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1077 Labor and Employment on H.B. No. 1587

The purpose of this bill is to require that scheduled losses for permanent partial disability benefits be paid on a uniform basis without regard to the wage level of the claimant.

Under present law, a disparity in workers' compensation benefits exists between the low paid workers and highly paid workers for identical losses of the eyes, ears, limbs, fingers and toes.

Upon due consideration and review, your Committee has amended this bill by deleting the contents and replacing it with provisions amending Section 386-92, Hawaii Revised Statutes (HRS), the purpose of which is to mandate that compensation be paid by an employer or insurance carrier within twenty-one days instead of thirty-one, and to propose reaffirmation of the exclusive remedy provision (Section 386-5, HRS) which precludes all actions against an employer or its workers' compensation insurance carrier for any civil action, to include claims for so-called bad faith or malice in the administration and processing of workers' compensation claims.

No lawsuits for malice or bad faith would be allowed. Your Committee believes that disputes on this subject matter should be resolved by the Director of Labor and Industrial Relations, who is best suited, and perhaps uniquely suited, to resolve controversies and determine the timeliness or propriety of any workers' compensation administrative requirement. The potential financial impact of such litigation on the workers' compensation system is not in consonance with the system's fundamental intent and structure.

This bill would allow the Department of Labor and Industrial Relations to assess a penalty of up to 200 percent of the total unpaid compensation in dispute which would be the exclusive remedy against an employer or insurance carrier for malice or bad faith.

Your Committee further believes that this bill would legislatively assure that there is a direct relationship between any pecuniary harm sustained in a contested administrative claim and the amount of a penalty imposed by the Director of Labor and Industrial Relations. Such a measure would also reduce the need for parties to hire attorneys to resolve disputes by adding certainty to an amount in controversy and eliminating damage awards based on the financial worth of the employer and its workers' compensation insurance carrier.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 1587, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1587, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1078 Transportation on H.B. No. 1583

The purpose of this bill is to require an environmental assessment for the construction of new or modification to existing helicopter facilities within the State which, through their activities, may affect conservation districts, the shoreline area, or any designated historic site.

Your Committee finds that helicopter traffic within the State of Hawaii has increased tremendously in the past few years. The majority of the traffic has been generated by helicopter tour operators, some of whom fly over residential areas to show scenic and remote portions of our islands to their customers. The effects of this increased traffic has been excessive noise levels and adverse environmental affects.

Previous attempts by local and state governments to regulate this industry have been preempted by the federal government who controls the airspace as well as operational safety and certification of aircraft. However, your Committee finds that such federal regulation does not affect state authority over the control of land use and administration of the airports.

Your Committee finds that this approach has been utilized by other state and local governments with success. In that regard, the implementation of this legislation will be an important first step in alleviating the problems associated with our present helicopter industry. Your Committee therefore believes that this proposed legislation is vital in minimizing the impact this industry will have on the environmental quality of our State.

Your Committee learned that the current Hawaii Register of Historic Places does not include all of the important sites on the islands. Specifically, the Sierra Club testified that only 50 percent of the known sites had been acknowledged by the statewide inventory of historic places.

Therefore, an amendment has been made to provide that all historic places found by a field reconnaissance and under consideration for placement on the National Register or the Hawaii Register of Historic Places are to be included with the affected lands that would require an environmental assessment.

Your Committee has further amended the bill by moving the definition of "helicopter facilities" from Section 343-5(a) to Section 343-2, Hawaii Revised Statutes (HRS), which contains the definitions for the entire chapter; by deleting reference to Section 205-31, HRS, which was repealed by Act 258, Session Laws of Hawaii 1986 and replacing it with Section 205A-41, HRS; and by making other technical amendments to conform to recommended drafting style.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1583, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1583, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 1079

Transportation on H.B. No. 741

The purpose of this bill is to provide for the safety of school children embarking or disembarking from a school bus by amending Section 291C-95, Hawaii Revised Statutes.

Current statute requires a school bus driver to activate the flashing lights only when stopped outside of business or residential districts, or when required to do so by county ordinances. However, it has been found that the business and residential districts are those areas with the heaviest traffic and thus have been found to be the locations where the greatest exposure to traffic danger exists.

This bill would require a school bus driver to activate the flashing red lights of the school bus whenever child passengers embark or disembark and require drivers of all motor vehicles in the lanes occupied by and immediately adjacent to a stopped school bus, regardless of the direction of traffic in the adjacent lane, to stop.

Favorable testimony for this legislation was received from the Department of Transportation, Makalapa Elementary School Parent Teacher Organization, and Neighborhood Board No. 18.

Your Committee has amended this bill by deleting the proposed new language relating to the statutory stopping requirement. If this provision were enacted, the safety of school children would be compromised on highways with more than two lanes of traffic, regardless of the direction. It is your Committee's belief that by continuing to have all motor vehicles stop for a stopped school bus, the safety and welfare of school children will be preserved.

Your Committee has further amended the bill by deleting the subsections which are not being amended, and by making technical changes which have no substantive effect.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 741, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 741, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 1080

Transportation on H.B. No. 1590

The purpose of this bill is to lessen the requirements for motor vehicle inspections by repealing the six-month inspection requirement for vehicles that are ten or more years old.

Your Committee notes that this bill is similar to S.B. No. 239, S.D. 1, which was approved by the Senate and sent to the State House of Representatives on March 13, 1987.

Your Committee received testimony from the Department of Transportation, Honolulu City Council member Donna Kim, the Hawaii Automobile Dealers Association, the Hawaii Automotive and Retail Gasoline Dealers Association, and the Maui Contractors Association in support of this bill.

Your Committee agrees that vehicles ten years of age and older need not be included in the category of vehicles which must be certified every six months. The age of a car does not necessarily determine or correlate with the vehicle's operability or condition.

It is the owner's maintenance record most times which determines the safe operating condition of a vehicle - not the years of its use. Many owners of vehicles ten years of age or older maintain their vehicles in good condition since the cost of purchasing a newer model is prohibitive.

Your Committee has amended this bill to include technical changes in section 286-26, Hawaii Revised Statutes, as reflected in S.B. No. 239, S.D. 1.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1590, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1590, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 1081 Transportation on H.B. No. 1041

The purpose of this bill is to provide for broader law enforcement powers with respect to the control and management of beaches and ocean waters.

Presently Chapters 266 and 267, Hawaii Revised Statutes, do not specifically authorize enforcement officers from other departments to enforce shoreline and shore water safety regulations of the Department of Transportation (DOT) or the Department of Land and Natural Resources (DLNR). This situation is evident to the general public when a complainant is informed that a particular problem must be re-referred since it is not within the jurisdiction of the department which discovered it.

Your Committee finds that neither department has sufficient enforcement personnel to enforce all the regulations that have been adopted for shoreline and water recreation such that this measure will assist in maximizing enforcement personnel and providing for an expanded cooperative enforcement effort in both agencies.

Your Committee has amended the language in Section 199-3(a)(7), Hawaii Revised Statutes, to reflect a concern raised by the DLNR. This amendment would require the DLNR to assist in enforcement at the request of the DOT. Although the DLNR believes that problems could occur when one agency is required to enforce another agency's rules, it is your Committee's contention that the amended language will enable both agencies to work cooperatively.

Your Committee has also made technical, non-substantive changes to conform to recommended drafting style.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1041, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1041, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 1082 Transportation on H.B. No. 541

The purpose of this bill is to include navigable streams within the ambit of Section 266-16, Hawaii Revised Statutes, which prohibits the erection of structures or sinking of watercraft or sizable objects in the ocean waters of the State.

Your Committee notes that this bill is the companion to S.B. No. 457, S.D. 1, which was approved and recommitted by your Committee after this House bill was received by the Senate.

Act 57, Session Laws of Hawaii 1986 clarified the Department of Transportation's jurisdiction over waters throughout the State. This Act included amendments to Sections 266-1 and 266-3, Hawaii Revised Statutes, to include navigable streams. However, Section 266-16 was not amended accordingly. This "housekeeping" measure rectifies this oversight.

Your Committee has amended the bill by including the deletion of a period on page 1, line 3,

after the word "waters" to conform with recommended drafting style.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 541, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 541, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 1083 Transportation on H.B. No. 1315

The purpose of this bill is to enable the Governor to explore alternatives to traditional, capital intensive traffic solutions by prohibiting the undertaking of any public contract work that adversely impacts peak hour traffic and by clarifying the Governor's current authority to modify the hours of schools by including, but not limiting that authority to, state universities.

Your Committee has reviewed S.B. No. 1172, S.D. 1, which is the companion measure to this House bill.

Your Committee finds that Honolulu's major traffic corridors have already surpassed their capacity, and continued growth in Honolulu's population will further tax existing facilities. However, any further expansion of our highways and roads will severely impact Hawaii's financial and natural resources as well as raise community and environmental concerns.

Therefore, your Committee believes it is both prudent and necessary that transportation policies be implemented which will attempt to alleviate traffic congestion through non-capital intensive alternatives.

One alternative offered in this bill is the requirement that all public contracts shall now consider whether the work will increase traffic congestion during peak hours. Your Committee believes that this proposal has merit and has amended this bill by incorporating the provision offered and adopted by the Senate in S.B. No. 1172, S.D. 1.

Your Committee also believes that traffic congestion can be reduced by shifting the starting times of Hawaii's schools and state universities. Serious consideration was given to the request of the Administration to provide the Governor with the statutory authority to set private school hours. This request, however, may be premature and efforts should be made during the interim to involve the private schools in a program which would allow them to make a contribution toward alleviating traffic congestion. Your Committee believes, however, that if this effort is unsuccessful, the Executive should again raise this issue with the Legislature.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1315, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1315, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 1084 Transportation on H.B. No. 1176

The purpose of this bill is to restrict the use of permanent dealer license plates.

Your Committee notes that this bill is the companion to S.B. No. 584, S.D. 1, which was approved by the Senate and sent to the House of Representatives on March 13, 1987.

Your Committee finds that the present statutes have been challenged in court by several new motor vehicle dealers who have received citations for attaching the permanent dealer license plates to new vehicles utilized by management and certain sales personnel. One court has ruled that the statutes seem to indicate that the dealers were authorized to place these permanent dealer license plates on any new vehicle which is operated "exclusively for the purpose of the manufacturer's or dealer's business." In several other instances, the court dismissed the citations because the statutes were deemed as being ambiguous.

This bill provides that only motor vehicles of the current model year, immediate past model year, or the next model year which have not been sold or registered by the manufacturer or dealer may attach the permanent dealer license plates.

The City and County of Honolulu testified in favor of this measure. The original intent of permanent dealer plates was to allow new motor vehicles used as demonstrators to be placed under this statute, not to exempt from taxes and fees all new motor vehicles used by a new vehicle dealership for the conduct of their business. Your Committee believes that this measure will clarify some of the ambiguity present in the current statute regarding the use of

permanent dealer license plates.

Your Committee has amended the bill by underscoring the word "plate." and by adding a period after the word "symbol" on page 1, line 12 to conform with recommended drafting style. Your Committee has further amended the bill by adding the prefix "sub" to the word "section" on page 5, line 6 to conform to statutory language.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1176, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1176, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 1085 Labor and Employment on H.B. No. 369

The purpose of this bill is to provide eligible employees with temporary disability insurance benefits for the duration of a period of disability.

Currently, section 392-21, Hawaii Revised Statutes (HRS), provides that an employee who becomes disabled is not entitled to receive temporary disability insurance (TDI) benefits for periods of disability which coincide with periods during which the employee would not have earned wages because of the schedule of the employer's operations. Thus, seasonal employees could be deprived from receiving TDI benefits if they become disabled during the closing period of their seasonal employment. This bill would provide that such employees would receive benefits for the duration of the period of disability.

Upon consideration of the testimony and consideration of the agricultural history of Hawaii, your Committee believes that the seasonal limitation on benefits in section 392-21(b), HRS, was intended to apply to agricultural workers. Therefore, your Committee has amended the bill to clarify that the seasonal limitation will apply only to seasonal agricultural workers.

Your Committee is in agreement that there is a degree of unfairness in depriving seasonal workers of benefits because of the seasonal nature of their employment. Therefore, your Committee has further amended the bill to provide such workers with a minimum benefit period of 16 weeks in situations where the seasonal limitation would deprive them of benefits.

In summary, the bill as amended would apply the seasonal limitation on benefits only to agricultural workers and provide for benefits to such workers for a period of 16 weeks in situations where the operation of section 392-21(b) would deprive them of benefits. Your Committee believes that the bill, as amended, strikes a reasonable balance between the economic interests of employees and employers.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 369, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 369, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1086 Business Development and Pacific Relations on H.B. No. 223

The purpose of this bill is to provide a consolidated method by which film production permits can be processed, so as to encourage the growth of the film industry in the State of Hawaii.

The film industry is a clean industry with the potential to generate substantial revenues for the State, the counties, and local business, as well as create new job opportunities for Hawaii's residents. There is no doubt that Hawaii's natural attributes such as year round temperate climate, beaches, mountains, plains, farms and ranches, cities, and even snow-capped peaks, would render Hawaii an ideal place for a wide range of film production activities. However, this potential has not been fulfilled, partly due to the red tape and inefficiency of the permit granting system.

This bill would provide a system by which the Department of Planning and Economic Development would coordinate with the appropriate state and county agencies to expedite permit processing, without abrogating the authority of any of the government entities which may become involved.

Your Committee heard testimony by the Department of Planning and Economic Development, the Department of Land and Natural Resources, the National Federation of Independent Business, the President of the Hawaii Branch of the Screen Actors Guild, and several other

persons and groups involved with the film production industry. All expressed enthusiastic support for this measure and indicated that action of this kind would surely bring increased film activity to Hawaii's shores.

However, your Committee has reservations about the bill as received, and believes that it can be amended so as to better achieve its purpose. Therefore, your Committee, with the assistance of interested government agencies and private parties, has generally rewritten the bill to provide for the following method of permit processing:

- (1) The Department of Planning and Economic Development shall work with state and county jurisdictions to identify sites suitable for film production;
- (2) The Department may approve and issue a permit to film on any of the identified sites;
- (3) If the applicant wishes to film on a site which is not on the identified list, the Department shall attempt to obtain the permit from the appropriate jurisdiction; and
- (4) Failing that, the Department would refer the application to the appropriate jurisdiction for further action.

In addition, the Department would be authorized to change or extend approved permits as long as such action does not conflict with the other jurisdiction's policies or conditions, and all jurisdictions holding authority over public highways utilized in filming would retain the right to require an additional permit. And finally, to further expedite the process, the department would be authorized to implement this measure by establishing memoranda of agreement or adoption of rules.

Your Committee believes that Hawaii is suitable for and would greatly benefit from a full scale film production industry, and this bill would be instrumental in achieving such an objective.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 223, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 223, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki and Menor.

SCRep. 1087 Business Development and Pacific Relations on H.B. No. 310

The purpose of this bill is to enable the Hawaii Community Development Authority (HCDA) to assume authority and responsibility for planning and regulating development activities in the waterfront area from Kewalo Basin to Fort Armstrong.

After due consideration, your Committee has amended this bill as follows:

- (1) Provided that the area of the Kakaako Community Development District which is within the Kakaako Waterfront Park Boundary shall only be developed as a state park;
- (2) Reorganized the HCDA's membership to include the Director of Transportation as an ex officio voting member and the chairpersons of the respective Senate and House of Representatives committees having primary jurisdiction over activities of HCDA as ex officio non-voting members;
- (3) Provided that the governor shall submit to the legislature all requests for appropriations and bond authorizations to implement the community development plan as part of the executive budget or the supplemental budget, and that such requests shall be accompanied by plans, maps, and other materials relating to HCDA's projects or public facilities proposed to be funded, and a discussion of potential beneficial and adverse effects of such activities;
- (4) Changed the authorization for HCDA to adopt rules from permissive to mandatory as provided in Section 206E-6(e), Hawaii Revised Statutes; and
- (5) Changed the effective date to July 1, 1988.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 310, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 310, S.D. 2.

Signed by all members of the Committee except Senators Aki and Menor.

SCRep. 1088 (Joint/Majority) Health and Government Operations on H.B. No. 681

The purpose of this bill is to exempt licensed community health facilities from county zoning provisions prohibiting group living facilities.

This bill is in line with the State's goal of removing disabled individuals from institutions and integrating them into the community, and will foster a broader range of licensed community health residential alternatives for persons needing such care.

However, your Committees are also sensitive to the fact that a few particular communities have experienced a disproportionate number of new facilities springing up in recent years. It is the opinion of your Committees that while these facilities are residential and pose no particular harm, nonetheless the concerns expressed by such neighborhoods should be addressed, and efforts should be made to enable each neighborhood to retain the character it desires, so long as the State's ability to deinstitutionalize persons capable of residential living is not diminished.

Therefore, your Committees have amended this bill by granting to each county the authority to establish a review and permit procedure to determine the appropriateness of these facilities to particular locations. It is the intent of your Committees that new residential facilities shall be more equally distributed throughout the various communities in the State, whenever and wherever feasible.

Your Committees have further amended this bill by giving it an effective date of January 1, 1989.

Your Committees on Health and Government Operations are in accord with the intent and purpose of H.B. No. 681, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 681, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.
Senator Cobb did not concur.

SCRep. 1089 Health on H.B. No. 1025

The purpose of this bill is to revise the current health planning and health care cost control law in Hawaii.

Your Committee finds that the State Health Planning and Development Agency (SHPDA) has many critics of its past operations, as well as those who philosophically oppose any state interference in the private marketplace of health care. There are also those, however, who believe strongly that SHPDA has played an important and positive role and can continue to make a valuable contribution to the health status of Hawaii's population.

This bill would do the following:

- (1) Remove those parts of the law which are no longer appropriate or pertinent to Hawaii since the repeal of federal health planning legislation;
- (2) Reform the Certificate of Need (CON) process by raising thresholds, exempting some providers currently covered, and allowing administrative action on many proposals which now must go through the full review process;
- (3) Increase data gathering, analysis, and reporting;
- (4) Refocus SHPDA's mission on cost-containment and health insurance accessibility, availability, and quality;
- (5) Add to SHPDA's agenda the responsibility to look at emerging health issues such as medical ethics, health care rationing, health care for the indigent, involuntary care, and standards for research and development in the areas of biotechnology and genetic engineering; and
- (6) Extend the subarea councils' concerns to cover other local health issues.

Your Committee heard testimony from those who would prefer that SHPDA be eliminated, from those who would preserve SHPDA only as a planning agency, and from those who propose a redirection of SHPDA's mission while retaining many of its existing features.

Your Committee finds that chapter 323D, Hawaii Revised Statutes, may yet be useful to the State in terms of health planning and cost containment, but not without major redefinition and redirection, especially in terms of SHDPA's responsibilities and activities. Therefore, your Committee has amended the bill as follows:

- (1) Authorized SHPDA to request information from health insurance companies, rather than make such reporting mandatory;
- (2) Provided that the subarea councils, the review panel, and the statewide council may, at their discretion, choose to waive their respective prerogatives of review of CON applications;
- (3) Authorized SHPDA to monitor implementation of approved CON's;
- (4) Increased the CON minimum for capital expenditures to \$4,000,000, and provided that the minimum for new or replacement equipment shall be \$400,000;
- (5) Deleted dental clinics from the definition of "organized ambulatory health care facility", and included within that definition non-bed services as defined in SHPDA's rules of standard categories of health care services;
- (6) Deleted the definition of "secretary," referring to the federal Secretary of Health and Human Services;
- (7) Reorganized section 323D-12, relating to the functions of SHPDA, by making health care cost control, technical assistance to the statewide council, health planning, and administration of the CON program mandatory, and authorizing SHPDA to do the remaining tasks;
- (8) Deleted Section 6 of the bill;
- (9) Added a new section to chapter 323D providing that the chairman of the statewide council and the members of the subarea councils and the review panel shall not be employed by or married to health care providers;
- (10) Provided that the statewide council and the review panel may hear CON information jointly;
- (11) Provided for a reconsideration panel for CON's consisting of the administrator of the statewide agency, the chairpersons of the statewide council, the appropriate subarea councils, the review panel, and the plan development committee of the statewide council, with the SHPDA administrator as chairperson of the panel;
- (12) Exempted from the CON requirement dental clinics and other facilities or services which SHPDA chooses to exempt by rule; and
- (13) Made technical changes which have no substantive effect.

It is your Committee's belief that with these changes, SHPDA and the other bodies established by chapter 323D will have more flexibility in carrying out their functions and the over-all objectives of health planning and cost containment in the State may be facilitated.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1025, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1025, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1090

(Majority) Ways and Means on H.B. No. 220

The purpose of this bill is to include a "psychologist" under the definition of "physician" in the workers' compensation law. The effect of this bill is to allow a psychologist to serve as the attending physician for and provide treatment independently to an injured employee. Under present law, a psychologist may serve an injured employee only upon referral from an attending physician.

This bill is extremely controversial. After weighing the arguments for and against the bill, however, your Committee has decided to act favorably.

Psychologists are recognized health care professionals who must meet stringent educational

and licensure requirements to practice in this State. Thus, your Committee finds that psychologists are qualified to treat patients independently. Your Committee feels that employees with stress or trauma problems compensable under the workers' compensation law should have the opportunity to choose from a wider spectrum of professional mental health services.

Although the fear has been raised of rising workers' compensation costs because of this bill, your Committee finds that no conclusive evidence has been presented that the result is inevitable.

Your Committee has amended the bill by inserting a definition of "psychologist" which is patterned after the California law. Basically, the definition requires a "psychologist" to be qualified to provide clinical services. Your Committee feels that this amendment will protect the workers' compensation system and injured employees from abuses of unqualified psychologists. The definition also requires a psychologist to enter into "appropriate medical collaboration when requested by the employer or the insurer, as provided by rules adopted in conformance with chapter 91." Your Committee feels that this provision will protect employers and insurers from incurring unnecessary, incorrect, or unjustifiable costs and protect injured employees from inappropriate treatment.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 220, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 220, S.D. 1.

Signed by all members of the Committee.

Senators Aki, B. Kobayashi, Matsuura, Henderson, Ikeda and A. Kobayashi did not concur.

SCRep. 1091 Ways and Means on H.B. No. 314

The purpose of this bill is to expand and clarify the definition of prosthetic devices to include sales by a dealer of prosthetic devices and any replacement parts subsequently purchased for the device, under the general excise tax law.

Your Committee notes that this bill is substantially similar to S.B. No. 321, S.D. 1, that passed the Senate.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 314, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1092 Ways and Means on H.B. No. 581

The purpose of this bill is to transfer the office of narcotics enforcement to the department of the attorney general.

Under existing law, the department of health is responsible for enforcement of the Uniform Controlled Substances Act. The Department fulfills the responsibility through the Office of Narcotics Enforcement.

Your Committee finds that the Office of Narcotics Enforcement should be transferred to the Department of the Attorney General. The Attorney General is the chief law enforcement officer of the State and engages in criminal and other investigations. Consolidation of the narcotics investigation duty with other state investigatory duties is logical and will result in greater efficiency and effectiveness in the controlled substances enforcement program.

The Attorney General has testified in support of this bill. The Director of Health has testified in support of the intent of the bill, but has withheld full endorsement at this time because of complications which may result from the draft. The Director has recommended deferral of the bill until next year, when a "better mechanism" for the transfer can be presented.

The Director of Health's recommendation has merit. But, your Committee is unwilling to wait until next year and desires to enact this bill now. The bill has been amended by deleting the proposed amendments to the Uniform Controlled Substances Act and Attorney General's enabling law. The appropriation in section 6 of the bill, as received, has been reduced to \$1. The bill, as amended, is intended to reflect the Senate's position on this issue. Your Committee intends that those concerned solicit the assistance of the Attorney General and Director of Health to formulate a satisfactory draft with substantive amendments to existing law which can be discussed by the conference committee expected on this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 581, 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. 581, H.D. 1, S.D. 2.

SCRep. 1093 Ways and Means on H.B. No. 1138

The purpose of this bill is to establish an enabling law for the regulation of dams and reservoirs.

Hawaii is one of three states which lacks dam safety regulations. Your Committee finds that such regulation is necessary for the protection of persons and property.

The bill has been amended to incorporate certain suggestions of the Hawaiian Sugar Planters' Association which your Committee find reasonable and fair. First, two provisos have been added to section -4(b) concerning the liability of private owners or operators of dams. One proviso limits the liability of the owner or operator of a dam or reservoir used for recreational purposes as that set forth under chapter 520, Hawaii Revised Statutes. That chapter limits the liability of landowners who allow the use of their land or water for recreational purposes. The other proviso creates a presumption of no negligence if the owner or operator complied with rules and orders promulgated under the proposed new chapter. The provisos are intended to establish two distinct rules concerning liability and should not be construed as two conditions of one rule. Second, language has been added to section -5 to exempt from the rules and orders promulgated under the proposed new chapter the design and construction of dams, reservoirs, and appurtenant works existing on the effective date of the chapter. Third, language has been added to section -2 to legislatively find and declare that the limitation of liability proposed by the amendments made by your Committee are properly a matter of state regulation under the police power.

In addition, other technical, nonsubstantive amendments have been made.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1138, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1138, S.D. 1.

Signed by all members of the Committee.

SCRep. 1094 Ways and Means on H.B. No. 1156

The purposes of this bill are to: delete from the membership of the state fire council the chief of the fire prevention bureau of the city and county of Honolulu; make the advisory committee to the council discretionary, rather than mandatory; require the fire chief of the City and County of Honolulu to be the council chairperson; and make an appropriation for the operating expenses of the council.

Your Committee concurs with senate standing committee report no. 810, which gives a justification for this bill to which no further comment is necessary. Your Committee, however, reiterates and emphasizes that this bill does not trigger Article VIII, section 5, of the State Constitution. Since this bill does not mandate a new county program or increase the level of service of an existing one, the State is not required to share in any cost of the state fire council.

Your Committee has inserted an appropriation of \$64,000 for the operating expenses of the council for the fiscal year 1987-1988. Your Committee intends that the counties fund fully the expenses incurred by the council after June 30, 1988.

In addition, your Committee has made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1156, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1156, S.D. 2.

Signed by all members of the Committee.

SCRep. 1095 Ways and Means on H.B. No. 1421

The purpose of this bill is to make an appropriation for a grant-in-aid to the City and County of Honolulu for its Kalakaua Avenue Safety and Beautification Project. The bill also prohibits the expenditure of state moneys on the Project, other than the moneys previously appropriated under the Supplemental Appropriations Act of 1984 and this bill.

Your Committee finds that the Kalakaua Avenue Safety and Beautification Project, upon completion, will enhance the beauty of, safety of pedestrians within, and traffic flow through, Waikiki. Your Committee fully supports this Project.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1421, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1096 Ways and Means on H.B. No. 1514

The purpose of this bill is to make the shelter allowances set forth under the public assistance law flat amounts instead of maximum amounts. The bill also increases shelter allowances by ten per cent.

Under current law, the shelter allowance for public assistance recipients is based on family size and pays for actual shelter costs up to a maximum amount. This bill eliminates the requirement that shelter allowance be limited to actual cost paid for shelter. Thus, all families of the same size will receive the same amount of shelter allowance, even if some pay less than the statutory amount for shelter. The department of social services and housing has testified that the standardization will provide more equitable treatment for public assistance recipients and reduce errors by simplifying the eligibility process and determination of grant amounts.

The department has also recommended the repeal of section 346-53(f), Hawaii Revised Statutes (HRS), concerning supplement payments under the federal Supplemental Security Income program. The department states that subsection (f) is in conflict with section 346-52, HRS, which permits aged, blind, and disabled Supplemental Security Income recipients, who meet state need standards to apply for and receive public assistance benefits in accordance with state standards. Your Committee has made the amendment recommended and, for conformance purposes, amended section 346-51, HRS.

Your Committee has also amended the bill by deleting the ten per cent increases to the shelter allowances and by making technical, nonsubstantive style changes.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1514, 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. 1514, H.D. 2, S.D. 2.

Signed by all members of the Committee.

SCRep. 1097 Ways and Means on H.B. No. 1740

The purpose of this bill is to exempt from the prior approval of the governor and prior authorization of the legislature any grant of easement or lease of submerged lands or lands beneath tidal waters which are to be used for piers, moorings, seawalls, cables, pipelines, and other uses of a similar nature. The bill, however, provides that the exemption shall not apply to easements for cables used for interisland electrical transmission or slurry pipelines. The major reason for the exemption from the prior approval and authorization requirements is to allow the granting of easements or lease of the lands more expeditiously.

The bill has been amended by deleting "piers" and "seawalls" from, but inserting "artificial reefs" in, the exemption. "Piers" and "seawalls" have been deleted because both types of structures protrude above water and may be obtrusive, resulting in disruption of the environment, or public use of submerged lands or lands beneath tidal waters. "Artificial reefs" have been inserted because they are beneficial to the ecosystem, providing habitats from which marine life may proliferate. Your Committee finds that the bill, as amended, exempts from the prior approval and authorization requirements those activities which do not have a major potential for harming the environment. Thus, your Committee finds that gubernatorial and legislative approvals are not necessary. Your Committee is also confident that the Board of Land and Natural Resources will implement the provisions of this bill in a responsible manner and with the public interest foremost.

The bill also has been amended by deleting existing statutory and proposed language beginning with "which" on page 1, line 12, of the bill, as received, and ending with "reclamation" on the next line. Your Committee believes that all "lands beneath tidal waters" should be available for lease, if the public interest can be served by such leasing. Furthermore, cables and pipelines, because they lay passively on the ocean floor, need not be placed on lands beneath tidal waters suitable for reclamation. Thus, your Committee finds that the deleted language is unnecessary and may be confusing.

Other technical, nonsubstantive amendments have also been made.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1740, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1740, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1098 Ways and Means on H.B. No. 239

The purpose of this bill is to authorize the issuance of \$8 million in general obligation bonds and appropriate the proceeds to purchase Coconut Island, Oahu.

Senate standing committee report no. 806 justifies succinctly the purchase of Coconut Island. Your Committee concurs with the statements in the report.

Your Committee has amended the bill by including a legislative finding that Coconut Island is an ocean- and marine-related resource. In addition, the proceeds of the bonds have been appropriated for three fiscal years, as is customary for projects funded by general obligation bonds.

Your Committee has also amended the authorized amount from \$8,000,000 to \$8,550,000.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 239, H.D. 3, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 239, H.D. 3, S.D. 2.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 1099 Ways and Means on H.B. No. 49

The purpose of this bill is to appropriate funds to the programs of the Judiciary for the 1987-89 fiscal biennium.

OVERVIEW

Preceding your Committee's consideration of the Judiciary's budget request, the Senate Committee on Judiciary exercised its budget review responsibilities and has reported on its recommendations in two reports: Standing Committee Report No. 58 on S.B. No. 3, the Senate companion measure to this bill; and in Standing Committee Report No. 899, which reemphasized the recommendations made in Senate Draft 1 of this bill.

In recommending significant reductions in the Judiciary's proposed operating and capital improvement requests, the Senate Judiciary Committee stressed several points. It reported that the Judiciary's budget proposals in the past as well as those before the current session of the Legislature have consistently exceeded the general fund appropriations ceiling, that financial discipline needs to be exerted to rein in the Judiciary's budget, and that lower levels of expenditures could be achieved without disturbing essential Judiciary programs and operations.

Your Committee is in general agreement with the findings and recommendations of the Judiciary Committee, and it especially urges through the budget it has provided that the Judiciary pursue new procedures and more efficient methods of operation.

THE OPERATING BUDGET

On the whole, the Judiciary's operating budget request has been reduced, but essential programs and operations will not be affected. Some of the significant reductions to the budget reflect a transfer of functions, such as the transfer of adult probation and deputy sheriffs to the new Department of Corrections, and the deferral of major purchases, such as the proposed acquisition of a new mainframe computer. While there is an aggregate reduction in the Judiciary's budget request, some new resources have been provided for a limited number of specific purposes deemed to be necessary and justifiable.

Courts of appeal. A personal computer has been provided to the Law Library to be utilized for fiscal matters and indexing.

Circuit courts. Half-time library technicians have been provided in the Third Circuit for the Hilo and Kona law libraries. Funding has been provided for Gyr machines to implement an experimental electronic sound recording system for court reporting in the First Circuit.

Family courts. An additional circuit court clerk has been provided in the Second Circuit due to an increase in workload. Purchase of service funds have been provided for therapeutic mediation in divorce cases and for the domestic violence program. Funding has also been provided to cover increased fees for guardian ad litem and counsel fees. Social workers and support staff have been provided for the juvenile intake and adult services branch. Juvenile detention officers have been authorized due to the increase in admission to Hale Ho'omalua, the detention facility on Oahu.

District courts. Student help funds have been provided in the First Circuit. A clerk typist has been provided to staff an additional courtroom in Koolaupoko. Clerk typists have also been provided to the traffic violations bureau in Wailuku and the Lahaina District Court. Due to concerns over the increase in caseload, funds have been provided for a pilot video arraignment project. Funds have also been provided for the staffing of a night court in Koolaupoko.

Administrative director services. A temporary purchasing specialist has been provided to alleviate what is reported to be a six-month backlog in work. A temporary personnel clerk has also been provided because of workload increases. Permanent and temporary social workers, social service assistants, and clerical staff have been provided for the expanded functions in the program services office. Due to a new records retention schedule, clerk typists and a microphotographer have been provided for the microfilm program. A desktop publishing unit has been provided to the planning and statistics office for publication of the Judiciary's newsletters.

THE CAPITAL IMPROVEMENTS BUDGET

The Judiciary's capital improvements budget request for the 1987-89 fiscal biennium totaled an unprecedented \$67 million. Your Committee's evaluation is that the various projects being proposed represent an unrealistic capital improvements program based on extravagant assumptions and expectations. There appears to be no justification for these costly projects in terms of need, increasing caseloads, or marked deficiencies in existing facilities. Therefore, your Committee recommends deferral of the proposed Oahu Family Court Center, the Hilo Judiciary complex, and the Kauai Judiciary complex. Less costly alternatives should be considered.

Your Committee also recommends deferring the funding for the proposed construction of the Molokai, Wahiawa, Makawao, and Koolaupoko district courts until such time as the Judiciary can present to the Legislature a more realistic program for the cost-effective provision of judicial services in the rural areas of the State.

RECOMMENDATION

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 49, 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. 49, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 1100 (Majority) Ways and Means on H.B. No. 42

The purpose of this bill is to organize and sponsor a conference on the Hawaii Workers' Compensation State Fund.

The conference would gather in Hawaii a variety of experts on state funds from nineteen other states where some form of state fund has been implemented in the workers' compensation insurance market. The focus of the conference would be on how best to implement the objectives of the Hawaii fund, examining the most desirable and effective features as well as potential problems and pitfalls that some states may have encountered.

This bill also includes a \$100,000 appropriation to be used to attract qualified guests and to invite all segments of our community to this program.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 42, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.
Senators Henderson and Ikeda did not concur.

SCRep. 1101 Ways and Means on H.B. No. 287

The purpose of this bill is to appropriate funds for the 1987-89 fiscal biennium of the Office of Hawaiian Affairs.

The bill breaks down the Office of Hawaiian Affairs budget request by program appropriation, identifying the general fund and special fund requirements for each program and accountability of costs associated with each program.

Your Committee, upon discussion of the program areas in the budget, recommends the following:

1. That OHA's board should reaffirm its primary role of serving the Hawaiian community as a whole and focus mainly on establishing policies, formalizing its policymaking process, developing and improving external relationships, and improving its overall effectiveness. Further, the board should delegate more control to its administrator and establish clearer lines of authority.
2. That it is vital that OHA recognizes the social needs of Hawaiians and native Hawaiians and develop detailed plans (short-term and long-term) to address their social concerns. Programs should be implemented to focus on these growing social needs and concerns.
3. That OHA consider as one of its priorities the health problems and health needs of Hawaiians and determine how the problems and needs specifically associated with Hawaiians can best be addressed.
4. That OHA should improve its relationship with the other Hawaiian agencies such as DHHL, Alu Like, HPACH, etc., to cooperatively serve the Hawaiians and native Hawaiians. By cooperatively working with each other, experiences could be shared and duplication or overlapping of services could become virtually nonexistent. Also, with greater cooperation, OHA could enter into increased pilot projects, joint ventures, and other programs that would better the conditions of Hawaiians and native Hawaiians.
5. That, after analyzing the budget, all "B" costs (other current expenses) should be split into 50 per cent special fund and 50 per cent general fund to conform with prior years funding levels. OHA, in its original budget request, proposed that all "B" costs be funded by general funds.
6. That OHA hold public hearings in identified Hawaiian communities on the multi-year program and operating budget and that copies of the program and the budget be mailed to all concerned Hawaiian groups. Final recommendations of the program and budget should take into consideration input from the public and the other concerned Hawaiian groups.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 287, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 287, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1102

Ways and Means on H.B. No. 313

The purpose of this bill is to conform the Hawaii income tax law to the Internal Revenue Code of 1954, as amended, and to amend chapter 235, Hawaii Revised Statutes, to reflect that purpose. This bill also includes a provision granting a food tax credit to each individual, a capital goods excise tax credit, and an exemption from the general excise tax for export sales.

Your Committee heard testimony from the Department of Taxation, the Department of Planning and Economic Development, the Tax Foundation of Hawaii, the Chamber of Commerce, and interested individuals in the public and private sector. Generally, the testimony given was in support of the provisions of this bill.

Some of the major changes to the income tax law contained in the Tax Reform Act of 1986 and adopted in this bill are the repeal of the zero-bracket amounts and the substitution of standard deduction amounts. These amounts have been increased to maintain the one-third relationship between the federal amounts and the state amounts. This one-third relationship is based on the federal amounts as they will exist in 1988.

The bill also conforms the claim of exemption for nonprofit status under the state income tax law to the federal provisions. This will ease compliance for both those claiming exemption and the Department of Taxation. The federal provision eliminating the itemized deduction for sales taxes is adopted, as is the phased-in elimination of the deduction for personal interest.

The requirement that all S corporation shareholders be state residents is eliminated to allow nonresident shareholders. With the increase in the number of S corporation shareholders allowed under the income tax law during the last ten years, requiring all S corporation shareholders to be state residents prevents individuals from moving out-of-state and undesirably limits the use of S corporations.

Individual income tax rates are reduced to a top rate of 10 per cent and the number of tax brackets are reduced from the present 12 to 8. Due to the phase-in of certain federal amendments, the brackets are phased in over a three-year period. The corporate tax rates are reduced and three brackets instead of the present two are established. The capital gain exclusion for individuals and the special capital gain rate for corporations has been eliminated to conform to the federal provisions.

In addition to conformity to the Tax Reform Act of 1986, this bill contains a new refundable food tax credit for each qualifying state resident of \$50. The credit may be used to offset tax liability; or, if there is no tax liability, the credit is refundable to the individual.

A capital goods excise tax credit is provided in the amount of 4 per cent of the eligible depreciable basis of tangible personal property used in the trade or business of the individual as defined in the Internal Revenue Code provisions on the investment tax credit. The credit is deductible against income tax liability for the year in which it qualifies. Any unused credit may be carried forward 6 years.

A new section is added to the general excise tax law to exempt from the general excise tax the sale or value of tangible personal property which is shipped by a manufacturer, producer, or seller of the property to a point outside the State; provided the property is resold or used in the purchaser's business.

Questions were raised in the testimony presented regarding the elimination of the exclusion of sixty per cent of capital gains from the income of individuals and the elimination of the special capital gains rate for corporations. The elimination of these provisions results in undesirably high increases in taxes on those persons and corporations with capital gains, in particular those who sell real property. Due to Hawaii's inflated prices in real property, the elimination of these provisions will be especially burdensome to Hawaii's people. The impact will be greatest on those elderly who are ready to sell their homes to move into a smaller house, or who wish to move into a care home or the like. Failure to totally alleviate the impact of taxing capital gains as ordinary income will lead to a large reduction of the available income that the elderly are able to use after such a sale.

Your Committee has amended this bill to provide for a cap on the amount of tax that may be imposed on individuals for capital gains of 7.25 per cent. This cap is similar to that imposed by the Internal Revenue Code. In the case of corporations, a special capital gains rate of 4 per cent is instituted. Due to the reliance of the Department of Taxation on substantial revenues being generated through the total elimination of the beneficial capital gains provisions, the institution of the cap for individuals and the special rate for corporations has required your Committee to slightly increase the corporate income tax rates by four-tenths of one per cent to make up for the lost revenues. Similarly, the food tax credit has been reduced to \$42 to compensate for the lost revenues from individuals. The rates and amounts for heads of household have also been modified somewhat to accommodate the new capital gains cap.

Upon the request of the Department of Taxation, your Committee has increased the limitation on the standard deductions in the case of certain dependents from \$170 to \$500 in section 235-2.4(a), Hawaii Revised Statutes. This provision will alleviate a hardship on minors who would have been required to file income taxes if their income exceeded \$170. The \$500 figure is that used by the Internal Revenue Code.

Your Committee has also amended the carryforward provision regarding the capital goods excise tax credit from a 6-year carryforward to make the credit refundable. Your Committee finds that the revenue loss projected by the Department of Taxation is based on every taxpayer claiming and receiving full use of the credit. Making the credit refundable does not change the revenue loss. More importantly, the new business to which this credit is particularly directed will receive the benefit of the credit when it will do the most good, that is in the early, cash poor years. A refundable capital goods excise tax credit will go far to help business in this State, and to create an atmosphere which will generate new businesses for the benefit of Hawaii and its people.

Your Committee has also amended the bill to exempt the export of customized computer services in order to support this desirable industry in the State. While your Committee realizes that exemptions of this sort may lead to others requesting similar exemptions, it is not the intention of your Committee to encourage such requests. Your Committee finds that this

particular industry is one which cannot compete on the mainland, if this exemption is not granted. If the industry cannot compete, then the industry will not locate in Hawaii, to Hawaii's loss. This situation is very apparent, since many of the people in this computer software field have already moved out of the State to other states with better tax climates.

Other technical corrections have been made.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 313, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 313, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1103 Ways and Means on H.B. No. 592

The purpose of this bill is to allow the use of the State's Rental Assistance Program to subsidize rents in projects developed and financed by the Hawaii Housing Authority (HHA).

Under current law the Rental Assistance Program cannot be utilized in connection with HHA projects financed under section 356-27, Hawaii Revised Statutes (HRS). The Rental Assistance Program can only be utilized to lower tenants' rents in projects which are privately developed and financed pursuant to Part II of Chapter 356 and does not extend to section 356-27 which is codified under Part I of the chapter.

This bill proposes amendments which will allow the Rental Assistance Program to be utilized in connection with a project developed under Part I of Chapter 356.

Your Committee finds that the State must take a more aggressive posture in the development of affordable rental housing. One means of accomplishing this is for the HHA to finance the development of rental housing projects through the issuance of tax-exempt revenue bonds as permitted under section 346-27, HRS.

The development of projects through the issuance of bonds, however, is insufficient to make a rental housing program workable. The program must also be tied in with some form of rent subsidy program, such as the State Rental Assistance Program established under Part III of Chapter 356, HRS. Use of the Rental Assistance Program will allow rents to be affordable for low- and moderate-income families, and will make the rental projects self-sustaining.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 592, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1104 Ways and Means on H.B. No. 706

The purpose of this bill is to increase the present minimum hourly wage from \$3.35 per hour to \$3.76 per hour beginning July 1, 1988. For employers who employ tipped employees, the tip credit is increased to forty per cent below the applicable minimum wage in place of the present twenty cents below the minimum wage.

Your Committee amended the bill by deleting the amendment to the definition of "employee" to exclude full-time students under the age of eighteen years from the Hawaii wage and hour law and instead inserted the exclusion in the minimum wage law itself.

Your Committee has also made a technical, nonsubstantive amendment to the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 706, 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. 706, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 1105 Ways and Means on H.B. No. 951

The purpose of this bill is to make uniform the disposition of property forfeited under Hawaii's drug and narcotics laws. In addition, this bill establishes a criminal forfeiture fund into which shall be placed all forfeitures of money or other property ordered by the courts pursuant to those criminal statutes. This fund is to be administered by the comptroller.

It is your Committee's understanding that the Attorney General will make allocations of

presently existing funds as well as any funds forfeited in the future. In discussions with the Attorney General, he agreed to develop standards, criteria, and guidelines to allocate these funds. The Attorney General will report to the 1988 Legislature on the standards developed, and the amounts forfeited and allocated.

Your Committee made three substantive amendments to this bill. First, your Committee redefined the bill's purpose so that the money and property forfeited shall be that which is forfeited by persons violating the State's drug and narcotics laws. Your Committee made this change so that the purpose is consistent with the amendment made to this bill by your Committee on Judiciary, which limited the forfeitures to money and property seized from drug- or narcotics-related crimes.

Second, your Committee amended section -2 so that money and property forfeited under section 842-3 would be placed in the criminal forfeiture fund only if those items were seized as a result of a conviction for drug abuse or illegal drug distribution. Again, this change was made to conform the bill to the earlier amendment, made by your Committee on Judiciary, that limited forfeitures to drug- or narcotics-related offenses.

Third, your Committee amended section -3 of the proposed chapter by adding "expenses of administration by the comptroller" as one of the expenses to be paid out of the proceeds of sale of forfeited property.

In addition to these changes, your Committee made technical, nonsubstantive amendments to this bill.

Your Committee is in accord with the intent and purpose of H.B. No. 951, 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. 951, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 1106 Ways and Means on H.B. No. 1053

The purpose of this bill is to increase the maximum basic needs allowance (BNA) which the Department of Social Services and Housing shall pay to its recipients.

Presently, welfare benefits are well below the poverty level, and are clearly inadequate to meet actual recipient needs. An increase in the welfare standard is appropriate because of the rising cost of living since 1978.

Your Committee finds that an increase in the BNA would allow welfare recipients to be able to utilize this assistance for its intended purpose of maintaining an income for basic needs.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1053, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1107 Ways and Means on H.B. No. 1536

The purpose of this bill is to establish the position of the Commissioner of Securities in the Department of Commerce and Consumer Affairs separate from the Director.

Under this bill, the Commissioner of Securities would be appointed by the Director of Commerce and Consumer Affairs with the approval of the Governor and would be exempt from the civil service requirements of chapters 76 and 77, Hawaii Revised Statutes. The bill also includes an appropriation to the Department of \$110,808 for fiscal biennium 1987-1989 to carry out the purposes of the bill, including the hiring of necessary staff.

Your Committee finds that the Director is currently responsible for carrying out the duties of the Commissioner of Securities in an ex officio capacity. Your Committee also finds that the Legislature, from time to time, has created exempt positions in the Department, such as the Insurance Commissioner, the Consumer Advocate, and the Commissioner of Financial Institutions, to carry out the complex tasks of their respective branches. This bill would logically place the administration of the securities branch in the hands of an individual specifically recruited as having the background and capabilities to handle the job, and would thus partially relieve the Director of the complex and demanding responsibilities involved in the regulation of securities and related businesses.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No.

1536, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 1108

Ways and Means on H.B. No. 2

The purpose of this General Appropriations Bill of 1987 is to appropriate funds for the operating and capital improvement costs of the executive branch for the 1987-89 fiscal biennium.

FINANCIAL AND BUDGETARY OVERVIEW

The funding requests experienced by your Committee this session has been greater than it has ever experienced before, but there are several signs indicating that the Legislature can approach its appropriation decisions with cautious optimism and reasonable confidence that funds will be available to support its decisions. The general fund financial plan for the executive budget is based on the assumption that general fund tax revenues in the current fiscal year will increase by 7.9 percent over actual revenues in FY 1985-86. If that holds true, the general fund balance at the beginning of the next biennium is projected to be some \$93.7 million. That amount would provide the needed cushion should current expenditures outpace current revenues in FY 1987-88, but it now appears that the short-range financial outlook is even more favorable.

In its March 13 report, the final report to provide financial guidance to this session of the Legislature, the Council on Revenues has projected that the general fund tax revenue increase from the previous year to the current year will be 9.4 percent instead of the 7.6 percent used as the basis for preparing the executive budget. This would mean a pickup of some \$21 million if the council's estimates turn out to be correct, and it should be noted that the council has a record of being on target.

Immediately following the council's latest estimates, the Department of Taxation reported on March 17 that through the first eight months of the current fiscal year, general fund tax collections have been running 11.6 percent over collections for the same period in the previous year, another positive sign. Thus, it now appears likely that the beginning general fund balance for the next fiscal year will be somewhat higher than the \$93.7 million previously projected.

Against this favorable short-term outlook, there are some factors which will eventually have to be taken into account. The Council on Revenues' estimates, of course, are based on existing tax laws, but it appears reasonably certain that the Legislature will be enacting tax reform and relief measures this session which will affect revenues in the next biennium and beyond. The Senate has sent to the House S.B. No. 320 which, in addition to conforming Hawaii's income tax laws to the 1986 federal tax reform act, also contains a number of tax relief provisions. These relief measures include a \$50 food tax credit, which is estimated to cost \$45 million, a capital goods excise tax credit, an exemption for export sales from the general excise tax, a credit against taxes paid for the purchase of capital goods used in production or manufacturing, and an exemption for exported sales of computer software and technical services related to their development.

These tax relief provisions will cost some \$86 million, and even though conformance of Hawaii's income tax laws to the federal tax laws is expected to generate an additional \$57 million, this still means a net reduction of some \$29 million. To be sure, the tax relief provisions for business are intended to have an expansionary effect on economic activity, but it may be a while before the immediate loss of tax revenues will be mitigated.

The overall balance is that the financial picture has improved even as the Legislature is prepared to inject a healthy dose of tax relief for both business as well as individual taxpayers. It would be even better, considering the possibility of a downturn in the national economy as some have predicted, if the State had additional revenue sources. Your Committee continues to believe in the viability of the Aloha State Bond and the State Lottery as new sources of revenues, and it hopes to persuade the House of Representatives to share this viewpoint.

Your Committee has acted favorably on most of the executive operating budget, including the various initiatives contained in the supplemental operating budget submitted by the new administration. However, the capital improvements budget has required some trimming down because of the necessity to observe constitutional requirements concerning general obligation debt authorizations.

While recent general obligation bond issues have been marketed at favorable interest rates, the constraining factor in the capital improvements program is the amount of bonds that can be

absorbed by the municipal bond market in any given period. For a number of years, the market appeared to indicate that \$150 million represented just about the limit that the State could issue each year. The borrowing plan in the executive budget suggests that this amount could be pushed up to \$160 million a year in two issues of \$80 million each, an increase over previous levels but not enough to make a significant difference in the amount of general obligation bonds that the Legislature can authorize.

In providing for any bond authorization, the Legislature is required by the Constitution to take into account not only the bonds which are issued and outstanding but also those bonds which have been authorized but have not yet been issued. These authorized but unissued bonds amounted to some \$358 million at the time the executive budget was submitted and may be regarded as representing the backlog of capital improvement projects which are yet to be completed or implemented. Given this backlog and the submission by the executive of more projects for the biennium, it has not been possible to authorize all of the new projects at this time and still satisfy the constitutional requirement that the Legislature must find that all bonds supporting the projects, old and new, will not cause the debt limit to be exceeded. Therefore, a number of projects must of necessity be deferred.

The Legislature has faced this problem before, but it should not be confronted with it continuously. The backlog of projects—and therefore, the backlog of bond issuance—not only retards the consideration of new public works projects, it also muddles the picture of what constitutes the State's current capital improvements program.

Because the State is under a new administration, there could be no more appropriate a time than in the first year of that administration for each agency to undertake a review of all outstanding capital authorizations and to make recommendations for lapsing all projects which are obsolete or are otherwise not needed and which will not lapse automatically in the near future. This review by the agencies should be undertaken under the coordination of the Department of Budget and Finance soon after the close of the fiscal year for the purpose of bringing the capital improvements program up to date and of opening up a debt authorization margin to allow for the consideration of new and important projects in the 1988 legislative session.

In the remainder of this report, your Committee highlights some of the program and budgetary decisions which have been made for the 1987-89 fiscal biennium.

ECONOMIC DEVELOPMENT

Tourism. It is expected that the Department of Planning and Economic Development will be exercising a strong leadership and coordinating role in the tourism program through a strengthened State Tourism Office and through the administration of increased funds for marketing and promotion. Within the overall tourism program, the Hawaii Visitors Bureau will continue to assume an important responsibility in marketing and promotion. To emphasize the importance of tourism and its status as a separate program, your Committee is appropriating funds for tourism in a separate appropriations category. It is expected that henceforth, the Department of Planning and Economic Development will prepare program and financial plans for a separate tourism program so that the Legislature will have immediate access to budgetary and program information.

Through increased funding support, advertising in domestic and international markets will be continued and enhanced, Hawaii will be participating in the 1988 exposition in Australia, visitor destination programs on the neighbor islands will be strengthened, the community relations program will be enhanced, sporting events and new initiatives to increase visitor activities will be promoted, and the market research program will undergo continuing development. At the same time, the welfare of Hawaii residents will be the overriding concern of a tourism impact management survey which will research the impact of tourism on the economic, social and physical environment of residents throughout the State.

Business development. Loan program levels have been increased to provide greater support for the development of businesses. In a separate Senate measure, the maximum loans available under the Hawaii Capital Loan program will be increased from \$250,000 to \$1 million. The Hawaii Innovation Loan program, formerly known as the Hawaii Invention Development Loan program, will be able to provide more financial support from the \$850,000 by which its revolving fund has been increased.

Funds have been provided to support and promote the concept of Hawaii as a health and sports center. In addition, "Marketing Hawaii," the major push for attracting and expanding economic enterprises, will be supported in the amount of \$1 million for FY 1987-88 and \$2 million for FY 1988-89. The various elements of this important marketing program will be

aimed at recruiting new industries, soliciting capital financing, stimulating the expansion of existing companies, determining the marketability of Hawaii products and services in international markets, and other initiatives aimed at expanding economic activity.

High technology. The Pacific International Center for High Technology Research (PICHTR) has been provided with additional funding to attract high technology researchers to the University of Hawaii. This will result in benefits to students as well as elevate Hawaii's standing and increase its recognition as a place for high technology research. The Hawaii Ocean and Science Technology Park on the Big Island will be gaining a manager who will be in charge of marketing and promoting the various elements of this developing program. Additional funding will enable investigation to continue into the feasibility of an interisland electrical cable to Oahu from the Big Island, and funding support has also been provided to support the Natural Energy Laboratory of Hawaii and the geothermal facility in Puna on the Big Island.

Tax Reform Act of 1986. Under the federal tax reform act, the use of general obligation bonds for nongovernmental activities would terminate the tax exempt status of the interest on the bonds. Because of this constraint, your Committee has regrettably reduced the funding of a number of projects which have the potential in assisting developing industries in Hawaii. Even though these projects are worthy, the standing of Hawaii in the national credit market needs to be safeguarded and consequently, they need to be deferred until a viable means of financing can be developed.

Irradiation facility. The current problems in placing Hawaii's papaya exports in mainland markets illustrates how necessary it is to find solutions that will be satisfactory to buyers as well as producers. Your Committee has recommended the funding of a demonstration irradiation facility to study the feasibility of low level irradiation as a means of improving the exportability of Hawaii produce.

TRANSPORTATION

Construction of facilities. Funds have been provided for the continued development of the State's airport facilities to accommodate the increasing visitor arrivals to Oahu and especially to the neighbor islands. In recognition of the importance of maritime facilities to the growth of new economic centers in the State, funds have been provided for the modernization and upgrading of harbor facilities in Kawaehae, Hilo, Kahului, Barbers Point, as well as Honolulu harbor. Your Committee has also authorized the continued funding of the H-3 trans-Koolau highway.

ENVIRONMENTAL PROTECTION

Several environmental protection concerns have been addressed by your Committee. Funds have been provided for a pilot project for the safe disposal of hazardous agricultural pesticides. Funds have also been included for an operator training program in the field of wastewater treatment.

Local programs for litter control and beautification will be improved and expanded through additional funds and resources to be applied to the neighbor islands. Positions will be provided to the neighbor islands to coordinate the resources available from those who are required by the courts to perform community service and also to coordinate voluntary community efforts. Funds are also being provided for litter control and beautification operations.

HEALTH

Healthy Start program. Funds have been appropriated to expand the services under the Healthy Start program, one of the more promising prevention programs to be implemented in recent years. Your Committee has consistently believed that investment in prevention programs is a far more effective way to deal with a wide range of social and health concerns than having to pay the price of expensive treatment and rehabilitation programs. The Healthy Start project began in July 1985 in Ewa, Ewa Beach, and part of Waipahu as a child abuse/neglect prevention demonstration program. The overall goals are to reduce the incidence of child abuse and neglect and promote child development. The demonstration project is funded through the Department of Health and operated by the Regional Perinatal Center of Kapiolani Women's & Children's Medical Center.

Preliminary results indicate great potential for the program. Consequently, your Committee has appropriated funds to expand Healthy Start projects to other parts of the State, including Maui and Waianae.

Deinstitutionalization of the mentally retarded and the developmentally disabled. The recent decertification of much of Waimano Training School and Hospital has underscored the necessity to move systematically and with due speed toward deinstitutionalization. Expanded funding has been provided for group homes, day activity, and support services to accelerate the placement of individuals in such programs.

Your Committee is concerned over the continuing increase in operating costs at Waimano. It has requested that the institution submit a report detailing all actions taken to consolidate programs and activities and efforts to decrease expenses as a result of the reduced patient census at Waimano. Your Committee has also requested that a five-year plan be submitted which detail the consolidation and deinstitutionalization of Waimano programs.

Sex abuse and child abuse and neglect. Your Committee has provided funds for training and education, home visitor, outreach and respite, and alternative environment programs.

Waianae Mental Health Center. Funds have been provided for additional personnel for a children's health team at the Waianae Mental Health Center. The children's health team will provide services to a large number of children who require special mental health services.

New laboratory services facility. The Department of Health's laboratory is old, obsolete, and overburdened because of federal requirements to increase the frequency and number of substances requiring testing. Your Committee has authorized the funding for a new laboratory and analytical health services related facility. Research by your Committee indicates that the state-owned land adjacent to the Waimano Training School and Hospital would be the most feasible site for the facility and accordingly, that site is recommended.

SOCIAL SERVICES

A wide range of social service concerns has been reviewed by your Committee. These concerns include the need for child care services, programs for children who are delayed in development and who are at risk of abuse or neglect, and prevention and treatment of abused spouses and the elderly. Also of concern is the growing problem of the homeless, and funds have been provided for the provision of emergency shelters.

Welfare payments and Medicaid reimbursements. The Department of Social Services and Housing has reported that the current level of payments for shelter allowance and the basic needs allowance is deficient and below the level designated by the federal government to be the poverty level. Your Committee agrees and has provided funding to increase monetary payments.

A related concern is the low rate of reimbursement for non-institutional Medicaid providers. An increase in reimbursement has been authorized. This will be accomplished by increasing the reimbursement from 79.5 percent of the 1979 profile to 75 percent of the 1985 profile.

Welfare administration will also be made more efficient through the acquisition of a mainframe computer and peripherals which will comprise the Hawaii Automated Welfare Information System.

Housing assistance. To provide additional housing assistance, funds have been added to the rental assistance revolving fund, and purchase of service funds have been included for the Oahu Self-Help Housing Corporation which provides technical assistance to those constructing their own homes.

Housing for the elderly. The Governor has proposed a program to develop on a priority basis rental housing for Hawaii's growing elderly population. Your Committee supports the proposal, and the Hawaii Housing Authority will be provided the resources to design and construct over 270 rental units in Honolulu and Wahiawa over the next biennium.

Department of Hawaiian Home Lands. An unprecedented appropriation from the general fund has been made to the Department of Hawaiian Home Lands. General fund resources will enable the department to reduce the waiting period for land grants, facilitate the development of homestead lands, and increase the number of home construction loans to native Hawaiians. General fund resources have also been appropriated for administrative costs, thereby allowing special fund resources to be applied to program needs.

LOWER EDUCATION

It was proposed by the Governor and supported by your Committee that priority in additional

funding be given to improving the public school system. Under the Governor's incentive plan, two additional general fund dollars would be provided for every dollar that the Department of Education reallocates from existing programs. In round totals, this meant that some \$20 million in new resources from the general fund would be available for new programs to be matched by \$10 million in DOE reallocations.

Because the matter of funding education in the current session has been made an issue by the Board of Education, it is important to stress that neither the Senate Education Committee nor your Committee ever contemplated reducing the education budget. Indeed, both committees have recommended additional general fund appropriations even beyond the \$20 million offered by the Governor and agreed to by the Department of Education.

In a supplemental budget, the Department of Education submitted its requests for new program appropriations, but these came to a total considerably higher than the reallocations and matching funds agreed to. Nonetheless, additional new funding beyond the \$20 million has been reviewed by your Committee and to the extent possible, it has provided funds beyond that level. In total, the amount of general fund appropriations for education beyond the level recommended in the executive budget is \$6.5 million.

In reviewing the priorities for funding, your Committee has been guided by the perspective that the Department of Education should be accorded considerable flexibility. It has also been guided by the perspective that funding emphasis should be on those programs providing direct benefit to students and direct support to teachers and which enhance the learning environment in schools. The summary of the following appropriations is not an all-inclusive listing of the additional appropriations which have been made. Those summarized here are only those that take on greater significance and importance because of the size of the amounts or because they represent new and innovative approaches.

Class size reduction. A significant portion of the additional appropriations has been allocated to class size reduction for kindergarten and first grade. The appropriations as well as additional positions will enable class size at these two levels to be reduced from the present 26.15 to 1 ratio to a 20 to 1 ratio. For FY 1987-88, \$5.5 million and 166 positions have been authorized and for FY 1988-89, \$7.3 million and 166 positions.

Core learning. Significant new resources are also being appropriated to improve instruction in the core subjects for high school students. For FY 1987-88, \$1.1 million and 76 positions will be used to strengthen core subject studies and for FY 1988-89, \$1.3 million and 76 positions.

Educational assistants for intermediate schools. For the intermediate grades, appropriations of \$386,269 for FY 1987-88 and \$463,540 for FY 1988-89 will enable educational assistants to be hired to improve instruction.

Gifted and talented students. Programs for gifted and talented students will be enhanced by additional appropriations of \$809,383 for FY 1987-88 and \$959,017 for FY 1988-89.

Hawaiian studies. Appropriations have been made to enable the full implementation of the Hawaiian studies program to be completed in FY 1988-89 for grades K-6. The sum of \$578,303 and five positions have been authorized for this purpose.

In-service training for teachers. Additional appropriations have been made in the sum of \$750,000 for each of the next two fiscal years which will enable in-service training to be conducted for far more teachers than has been possible in the past. One of the purposes of the appropriations is to enable substitute teachers to be assigned to classrooms when in-service training for regular teachers is held during working hours. Your Committee has included the additional provision that the Department of Education, in consultation with the collective bargaining unit, shall determine which in-service training shall be mandatory in the critical field of language arts.

Homework hotline. A pilot project will be conducted in the next school year to test homework hotlines. The use of homework hotlines is reported to be meeting with great success in other jurisdictions. Through the homework hotlines, help by telephone will be available to students. Volunteer teachers, who will be paid an appropriate hourly rate, will provide the homework hotline service.

School equipment. While there is a basic budget for school equipment, it has been reported that there is a need for additional resources for school and classroom equipment not normally replaceable through the regular allotment. Needs are especially pressing for science, music, vocational education, and athletic safety. To meet these needs, a total of \$1,260,000 has been appropriated for the biennium.

Improvement to school facilities. Your Committee has authorized \$37 million for the design and construction of improvements and facilities in elementary, intermediate, and high schools. A large amount of these expenditures is to meet the needs of the growing communities on neighbor islands and central and west Oahu. Your Committee has also provided \$27 million to meet the federal mandate to complete Phase I of the removal of architectural barriers from schools by 1989.

Educational superfund. A new funding concept will be employed which will provide the superintendent of education with both the authority and the resources to meet a wide variety of needs at the school level. Apart from the appropriations in the basic budget and the additional appropriation for school equipment for specific purposes, an educational superfund of over \$3 million will be available to the superintendent over the next biennium. In consultation with district superintendents and school personnel, the superintendent will use the superfund for additional furnishings, supplies, and equipment for schools with priority to be given to those expenditures which provide direct benefit to students and which promote their welfare. A provision for additional flexibility in the use of the fund will enable appropriations not used in FY 1987-88 to be carried over for use in FY 1988-89 instead of lapsing at the end of the first fiscal year.

Other appropriations. The list of other appropriations which are in addition to those made for the basic executive budget for lower education is too extensive to be summarized here. However, they are identified in special program provisions in the general appropriations bill to clarify legislative intent. Taken together--the basic executive budget, the good portion of the Department of Education's supplemental budget which has been funded, and the several legislative initiatives which have been developed--the appropriations which your Committee has recommended represent a renewed and higher level of commitment to the enduring legislative goal of providing equal and quality educational opportunity for all.

HIGHER EDUCATION

Your Committee is fully supportive of the University of Hawaii's movement towards excellence and is confident that as a premier institution, it will be a vital force in leading Hawaii into the next century. Higher education funds have been appropriated with virtually the same level of commitment and expectations as for the public school system. In selected areas, sufficient guidance has been given by your Committee to the University to adequately address specific concerns.

Some concerns. According to the Governor's incentive plan, additional funds for higher education were predicated on the University reallocating funds from existing lower priority programs. However, some reallocations had already been made previously for which retroactive credit was now being sought, some reallocations did not result in funding reductions but were transfers of the activities to other programs, and some resulted in net additions to funding and services. Your Committee expresses some reservations regarding reallocations such as these.

With regard to new positions in the University's supplemental request, some permanent positions requested in the first year were to be given temporary status in the second year. This would be contrary to long-standing policy. In these cases, your Committee has given permanent position counts for the second year only.

Your Committee is also concerned that these policy decisions made by the University lacked adequate foresight in relation to the Governor's incentive plan and long-standing personnel policy. In preparation of future budget requests, your Committee suggests the Board of Regents review all requests and reallocations so that the areas of concern such as the foregoing can be adequately addressed.

In the appropriations to the various programs, your Committee reflects a total of \$6.9 million over the biennium in reallocations, as presented by the University.

Basic considerations. In the review of the executive budget and the supplemental budget request, a number of key factors were considered, including the continued desirability of an "open door" policy for the higher education system. Therefore, your Committee has provided additional resources to the community college system and to the Hilo campus which together serve more than one-half of the total enrollment in the University system.

With regard to the \$20 million supplemental appropriation proposed under the Governor's incentive plan, funds have been appropriated for new programs or enhancements which are consistent with the University of Hawaii's strategic plan and the Board of Regents' priority requests for funding.

College of Marine and Earth Sciences and Technology. Your Committee is impressed with the University's direction in establishing this new college. With the Mauna Kea observatory complex destined soon to be the most important center in the world for astronomical studies together with other developments, your Committee believes that programs which capitalize on Hawaii's unique setting and natural resources hold the greatest promise for development and excellence.

Center for Asian and Pacific Studies. Your Committee has reaffirmed its commitment to making Hawaii a leader in the Pacific region by providing additional funding for the Center for Asian and Pacific Studies. Through the further development of the center, your Committee is optimistic that additional opportunities will develop for enhanced relations with the island nations of the Pacific and Asian nations on the Pacific rim.

Facility improvement projects. Funds have been authorized for asbestos and PCB transformer removal and for the completion of renovations to George Hall and Bilger Hall on the Manoa campus and Building 803 at Honolulu Community College. Additional funds have been provided for the continued development of Kapiolani Community College at the Diamond Head campus. The installation of communications and electrical infrastructures and the initiation of Phase II of the access road to the Mauna Kea Observatory are necessary elements in the establishment of Mauna Kea as the home of the world's largest telescopes. Design funds have also been authorized for the development of a new Pacific Ocean Science and Technology Center.

CULTURAL ACTIVITIES

Many cultural activities in Hawaii are supported through the State Foundation on Culture and the Arts, and adequate funding provisions have been made for the foundation. In addition, your Committee has determined that specific funding support should be provided to several prominent cultural organizations, including the Honolulu Theater for Youth, and the Bishop Museum. Also, your Committee believes that the restoration of the Hawaii Theater to a proud and popular showcase should be supported, and funds have been included to aid in the restoration.

PUBLIC SAFETY

Corrections. Beginning in June 1985, the American Civil Liberties Union and the State of Hawaii have entered into consent decrees to correct deficiencies including overcrowding, lack of sufficient medical and mental health services, food services, and environmental health and safety. Resources have been provided to enable compliance with the consent decree requirements.

Funds have been provided for the development of an integrated public safety information system for the intake service centers, the corrections division, and the Hawaii Paroling Authority. Funding has also been provided to lease an electronic surveillance system for a pilot project to monitor parolees on the Big Island. In addition, the intake service centers have been provided funds for the Youth Development Project to enhance the educational and personal development of youth.

Based upon the findings of the Legislative Auditor in the recent management audit of the Hawaii Youth Correctional Facility, additional resources will be available to the residents of the facility, including a social worker, nurse, equipment, and group counseling through purchases of service.

The Maui Community Correctional Center has been provided funds for the purchase of tools and equipment to be used by inmates in the Work Line program.

Funding for vocational education has been provided, and it is expected that vocational education will assume an increasingly important and needed component in the educational program for inmates.

Civil defense. Investments in civil defense are necessary, but their worth and effectiveness cannot be assessed except in actual emergencies. Nonetheless, a level of alert and response readiness must be maintained. One of the more important investments to be made for the civil defense program will be the acquisition of a new computer system. The system will make possible the immediate accessibility of detailed information in connection with emergencies and facilitate the dissemination of information and instructions for the protection of the public.

INDIVIDUAL RIGHTS

Within the individual rights area lies the difficult and sometimes conflicting task of protecting the consumer without unduly hindering commercial activity. Your Committee is very concerned about the recent problems and costs to consumers in the securities fraud and health insurance areas. Your Committee, therefore, has channeled appropriate measures to strengthen the state's efforts to protect consumers in these areas.

Health Care Insurance. Much of the current health care insurance law is of the enabling variety, providing legal recognition for certain entities without providing significant regulation of them. As the types of coverage increase in sophistication and variety, amendments to the statutes and rules may be necessary. Your Committee has provided funding for a temporary health care insurance consultant to review and evaluate current products, laws and regulations, to propose statutory and regulatory amendments; and to develop and establish a consumer education program.

Securities Fraud Unit. Since deregulation of the securities and investment advisory industries, there has been much activity in the marketplace. Unfortunately, there has also been a significant increase in the number of complaints received by the Business Registration Division of the Department of Commerce and Consumer Affairs. Active cases involve more than \$20 million in investor funds, with annual losses estimated at \$4-5 million. Your Committee fully supports the establishment of a Securities Fraud Unit to limit these losses to Hawaii residents.

GOVERNMENT-WIDE SUPPORT

Legal services. The need for modernizing and upgrading the administrative operations of the Department of the Attorney General was emphasized in the recent study by the Legislative Auditor of the legal services program. Your Committee has been concerned with the low degree of office automation, and it has provided the legal services program with \$250,000 for a major office automation undertaking. With this undertaking, administrative efficiencies should result, and a desirable by-product is expected to be higher morale among both the clerical and legal staffs.

Taxation. Your Committee is concerned with what is apparently a significant number of individuals who should, but do not, pay taxes to the State. The tax system is based on voluntary compliance, and if there are large numbers who do not pay their taxes, not only does the State lose revenues but public confidence in the system is undermined. The administration proposes to attack this problem, and your Committee is supporting that effort. An appropriation of \$500,000 for each fiscal year and 18 positions will comprise a concentrated effort to bring non-filers into compliance.

Electronic data processing services. Funds have been provided for the continued development of electronic data processing services to support more effective and efficient state operations. In the interest of ensuring that EDP development proceeds systematically and state agencies attain levels of automation in the most cost-efficient manner, your Committee has called for a comprehensive study and plan for the future of electronic data processing and data communications for state government. Another related development will be the dissolution in FY 1987-88 of the communications program in the Department of Accounting and General Services. This program will be assumed by a newly created telecommunications program in the Department of Budget and Finance, thereby integrating voice and data communications.

RECOMMENDATION

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.

SCRep. 1109

Transportation on H.B. No. 1518

The purpose of this bill is to clarify the types of motor vehicles that are exempt from the seat belt use law.

Currently emergency, commercial, for hire, mass transit vehicles, and type I school buses, are exempt from the seat belt use law. This bill deletes commercial vehicles, for hire vehicles, and type I school buses from subsection 291-11.6(b) and provides clarifying definitions for "emergency vehicle" and "mass transit vehicle".

The department of transportation testified that the vehicles classified under commercial and for hire should not be exempted because these vehicles are equipped with seat belts and there is no justification for exempting them from the law. The specific exemption for type I school buses is being deleted because they are included in the proposed definition of "mass transit vehicle".

Your Committee notes that this bill is the companion to S.B. No. 1749, S.D. 1, which was approved by the Senate and sent to the House of Representatives on March 13, 1987.

Your Committee has amended the bill by deleting the quotation mark on page 1, line 12 after the word "duty," and by rephrasing subsection 291-11.6(b) for the purposes of clarity.

Your Committee has further amended this bill to include the provisions of S.B. No. 416, S.D. 1, a measure previously approved by this Committee. The inclusion of this additional language will more specifically define the location for placement of movable signs.

Movable signs are defined as any portable device, display, emblem, billboard, notice, picture, painting or writing, other than official signs placed or required by the State or county.

Your Committee has determined that movable signs distract motorists' attention from the roadway and are a threat to the safety of pedestrians, motorists, and the persons holding these movable signs. In addition, such signs also contribute to a slow down of vehicular and pedestrian traffic. Therefore, the inclusion of this measure will further ensure the traffic safety of the State's citizens.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1518, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1518, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Holt, Kuroda and Menor.

SCRep. 1110 Transportation on H.B. No. 231

The purpose of this bill is to amend the existing definition of "highway" to include all roads open to the public for vehicular travel, except private roads used primarily for agricultural purposes, to provide a more comprehensive application of the provisions of Title 17, Hawaii Revised Statutes (HRS).

Current Title 17 provisions, which include highway safety and the Statewide Traffic Code, are enforceable only on open, public roadways that are publicly maintained. Your Committee believes it is in the public's interest that open roadways which are not publicly maintained, such as semi-private roads, should fall under the jurisdiction of Title 17. Therefore, violations of Title 17 provisions which occur on such roadways will be enforceable.

Your Committee heard favorable testimony for this legislation from the Department of Transportation, the Prosecuting Attorney for the City and County of Honolulu, and Mothers Against Drunk Driving.

Your Committee has amended the bill by changing reference to subsection (d) on pages 2 and 3, lines 23 and 1 to subsection (e) and setting forth the corrected subsection (e), by deleting the word "his" on page 12, line 11 and substituting the words "the person's", deleting the words "himself" and "his" on page 13, line 10 and substituting the words "oneself" and "the person's", respectively, to conform to statutory language.

Your Committee has further amended the bill by deleting the word "promulgated" on page 14, line 18 and substituting the word "adopted", and by making other technical, non-substantive changes to conform with recommended drafting style.

H.D. 1 of this bill also makes technical amendments in Section 294-2, HRS, by deleting the number references of this definitional section. Your Committee finds that other sections of Chapter 294 makes references to certain definitions by citing the reference number. Your Committee has therefore amended Sections 294-4, 294-5(b), 294-6(a) and 294-14(c) to conform to the proposed technical amendments in Section 294-2, HRS.

Your Committee on Transportation 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 Senators Holt, Kuroda and Menor.

SCRep. 1111 Transportation on H.B. No. 999

The purpose of this bill is to prohibit the fraudulent use of motor vehicles tags and emblems.

Your Committee notes that this bill is the companion to S.B. No. 795 which was approved by the Senate and sent to the State House of Representatives on March 11, 1987.

Currently, there is a statute to prohibit and penalize those individuals who transfer or misuse any vehicles plates, but a similar provision does not exist for the transfer or misuse of vehicle emblems or tags. This bill provides a penalty for the fraudulent use of motor vehicle tags and emblems by including tags and emblems in section 249-11, Hawaii Revised Statutes.

Your Committee finds that this bill will provide the means to prosecute any person who misuses vehicle emblems and tags.

Your Committee has amended the bill by adding an "s" after the word "section" on page 1, line 11 to conform with statutory language.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 999, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 999, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Holt, Kuroda and Menor.

SCRep. 1112 Housing, Hawaiian Programs and Natural Resources on H.B. No. 1158

The purpose of this bill is to clarify the definition of a displaced person, the circumstances under which government assistance is required, and requires that government agencies be reimbursed for costs related to displacement of persons caused by owners who wilfully neglect or violate applicable codes in addition to the zoning code.

Currently, government agencies bear the cost of relocation services and payments to displaced persons under a code enforcement program except for zoning violations.

Your Committee heard supporting testimony from the City and County of Honolulu and finds that conformance with housing, building, and zoning codes is the property owners' responsibility and should they wilfully fail to comply, the costs related to the displacement of their tenants should be borne by them.

Your Committee has amended the bill by making technical changes which have no substantive effect.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 1158, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1158, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 1113 Housing, Hawaiian Programs and Natural Resources on H.B. No. 898

The purpose of this bill is to correct and update references in Sections 359G-20.5 and 359G-30, Hawaii Revised Statutes (HRS).

This "housekeeping" measure amends paragraphs (e)(1) and (e)(3) of section 359G-20.5, HRS, by deleting references to the interest rate as defined in section 359G-7 and inserting references to section 359G-30. The change is necessary because section 359G-7 does not contain a definition of interest rate.

This bill also amends section 359G-30, HRS, to change the reference to the Internal Revenue Code of 1954 to the Internal Revenue Code of 1986 due to the new revised tax laws.

Your Committee received testimony from the executive director of the Hawaii Housing

Authority in support of this bill.

Your Committee has amended the bill by deleting the comma after "1954" on page 2, line 20 to conform to the statute.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 898, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 898, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 1114 Housing, Hawaiian Programs and Natural Resources on H.B. No. 1601

The purpose of this bill is to allow the Board of Land and Natural Resources to renegotiate any restriction contained in any lease for commercial, hotel, resort, or industrial use of public land.

The Board of Land and Natural Resources currently has authority to amend the specific use of a commercial or industrial lease to another or additional specific commercial or industrial use.

This bill would expand the Board's authority by allowing the Board to also renegotiate restrictions and by adding resort and hotel leases within the scope of section 171-41.5, Hawaii Revised Statutes. Under the bill, any renegotiation must occur under the following conditions:

1. The lease in question must have been in effect for twenty years or more;
2. Not less than two-thirds of the members of the Board following appropriate public input must find that the renegotiation is in the public interest; and
3. There must be agreement from the lessee that the lessee, commencing from the effective date of the renegotiated term, amended use, or uses, shall pay a revised annual rent equal to the annual fair market rental value of the land based on the new terms or amended use or uses. The annual fair market value of the land shall be determined and set by the board.

Testimony in favor of this measure was received from the Kauai Resort Hotel, the Department of Land and Natural Resources and the Aston Hotel Corporation.

Your Committee finds that this bill gives the Board needed flexibility in managing public lands to meet changing conditions and maximize beneficial use of such lands. Further, the bill contains adequate safeguards to insure that any changes in leases will be in the public interest.

Your Committee has amended the bill by double underscoring the comma after the word "commercial" in the title of section 171-41.5 in order to conform to Ramseyer drafting format.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 1601, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B.No. 1601, H.D.1, S.D.1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 1115 Housing, Hawaiian Programs and Natural Resources on H.B. No. 1078

The purpose of this bill is to extend protection of instream uses to all streams in the State.

Under current law, the Hawaii Instream Use Protection Act of 1982 (Chapter 176D, Hawaii Revised Statutes) applies only to windward Oahu streams in the districts of Koolaupoko and Koolauloa.

This bill allows the establishment of instream flow standards on a stream-by-stream basis; exempts routine streambed and drainageway maintenance from stream channel alteration permit requirements; allows the application of instream flow standards, where standards have been adopted, when allocating water from state watershed, including that pumped from wells and when regulating use of lands and water within the State Conservation District; and exempts persons wanting to renew water licenses without substantive modification from preparation of environment assessments.

Your Committee has amended the bill by inserting a provision to repeal the proposed bill should a statewide water code be enacted, provided that the code includes sections dealing with instream water flow and by making technical nonsubstantive amendments to conform the bill to existing statutory language.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 1078, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1078, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 1116 Housing, Hawaiian Programs and Natural Resources on H.B. No. 428

The purpose of this bill is to reauthorize the negotiation of long term residential leases by the Department of Land and Natural Resources with persons who were displaced by, or who are descendants of the refugees of the 1926 Hoopuloa lava flow.

Your Committee finds that Act 62 (1982) authorized such leases but that Act expired on January 1, 1987. Your Committee further finds that there are some eligible persons who may not have applied by that time.

Your Committee received supporting testimonies from the Department of Land and Natural Resources as well as from a resident of Milolii, Hawaii and finds that in fairness to those residents who might be eligible, the extension should be granted. Your Committee further finds that the humanitarian purpose of the original legislation is best served when as many eligible people as possible are allowed to return to the land and have a measure of security.

Your Committee, upon consideration, has amended the bill as follows:

- 1) Inserted on page 3, line 17, the phrase "in keeping with the uniqueness of Milolii," to perpetuate the culture and traditions of the community.
- 2) Inserted a provision on page 4, line 3, for the Department of Land and Natural Resources to consider the Milolii-Hoopuloa Community Development Plan when negotiating leases and awarding lots.
- 3) Added a new Section 6 to provide that Pa'a Pono Milolii, a community association, work with the residents of Milolii to resolve conflicts utilizing the mediation process with the Office of Hawaiian Affairs acting as the mediator.

The intent of the Legislature is to rectify the nonfulfillment of the original legislation.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 428, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 428, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 1117 Housing, Hawaiian Programs and Natural Resources on H.B. No. 391

The purpose of this bill is to amend Section 514A-14.5, Hawaii Revised Statutes (HRS), to exempt the Hawaii Housing Authority and mixed-use projects developed under chapter 206E, HRS, from having to provide one parking stall for each unit developed in a condominium project.

Currently, Section 514A-14.5 establishes the right of an apartment owner to own or have a designated parking stall for his use and requires that a parking stall be included with the sale of each unit for all newly constructed apartments.

The Hawaii Housing Authority (HHA) testified that this requirement may add to the overall cost of an HHA housing project, and, therefore, would like the flexibility of providing less than the required one stall per unit.

The Hawaii Community Development Authority (HCDA) testified that the present requirement also restricts the HCDA's flexibility in project development. In particular, it would prohibit the use of shared parking which involves the use of a parking space for two or more uses. Shared parking is especially feasible for areas like Kakaako where mixed-use development will occur. The uses will be sufficiently different so that corresponding peak parking demands for each use would not occur at the same time. The use of shared parking

would increase the utilization of the parking facility thereby augmenting the feasibility and viability of the project.

Your Committee upon consideration of the testimony of HCDA has amended the bill by revising subsection (c) on page 2 of the bill to allow HCDA to develop mixed-use projects, provided that one parking stall is available for use by each apartment on a shared basis rather than completely exempting it from the parking requirements. Your Committee believes that residential apartments should have at least one parking stall available to it although it would be shared with commercial users in a mixed-use project.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 391, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 391, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 1118

Housing, Hawaiian Programs and Natural Resources on H.B. No. 1357

The purpose of this bill is to amend Section 205-5.1, Hawaii Revised Statutes, to provide for a simpler procedure to consider and act on permits for geothermal development before state and county agencies.

Geothermal development is the State's renewable energy resource with the greatest potential for commercial development. Development of geothermal energy has been impeded by permitting delays that are unprecedented elsewhere. There is a real and significant likelihood that further delays will jeopardize the future of geothermal development and threaten both private investment and federal funding in geothermal energy and its related programs.

Your Committee received testimony in support of this bill from Kamehameha Schools/Bernice Pauahi Bishop Estate, the Hawaii Island Chamber of Commerce, the Thermal Power Company, the Department of Land and Natural Resources, the Department of Planning and Economic Development, the Office of the Mayor of the County of Hawaii, the County of Hawaii's Geothermal Energy Advisory Committee, the Hawaii Building and Construction Trades Council, Mid-Pacific Geothermal and True Geothermal Energy Company, the Hawaiian Electric Company and its subsidiaries, the Economic Development Council of the Chamber of Commerce, and the Estate of James Campbell.

In addition, the Sierra Club and the Judiciary expressed concern regarding provisions in this bill for appellate procedures, the standard of review of an appeal and responsibility for rulemaking by the decisionmakers.

Based on the testimony submitted and concerns expressed by members of your Committee the bill has been amended to modify the provision for mediation in the current statute. Your Committee recommends a process whereby, unless extended by agreement between the applicant and the decisionmaker, a permitting decision will be rendered within six months of the date a complete application is filed. The permitting process would proceed as follows.

1. The decisionmaker will conduct a public hearing, with a court reporter present to produce a transcript of the proceedings.
2. Within five days of the close of that public hearing, an appropriate request for mediation may be made by anyone who submitted testimony at the public hearing.

The mediation shall not extend beyond thirty days after the start of mediation, except by order of the decisionmaker.

Mediation shall be confined to issues raised at the public hearing by the party requesting mediation.

3. Within five days, the decisionmaker will appoint a mediator.

The mediator will neither be the decisionmaker nor one of its staff members.

The decisionmaker will notify the person requesting the mediation of the date, time and place of the mediation conference by mail, no later than ten days before the start of the mediation conference.

The mediation conference shall be held on the island where the public hearing was held.

4. If a mediation agreement is reached, the mediator will submit a written recommendation to the decisionmaker for its consideration in its final decision.
5. If a mediation agreement is not reached, the decisionmaker may conduct a second public hearing to receive additional comment related to the mediation issues.

Within ten days after a second public hearing, the decisionmaker may receive written comments on the issues raised at the second public hearing.

6. The decisionmaker shall render its final decision.
7. The final decision may be appealed directly to the supreme court. Notwithstanding the lack of a contested case hearing, Sections 91-14(b) and (g) shall govern the appeal.

Your Committee has also omitted Section 2 which makes reference to Section 205A-23, Hawaii Revised Statutes. Appropriate revision to Section 205-5.2, Hawaii Revised Statutes, has also been made to clearly state that contested case procedures are not applicable in the designation of areas as geothermal resource subzones.

Your Committee realizes that the effectiveness of the procedures established in this amended bill rests with the administrative agency involved. Therefore, your Committee has directed the affected agencies to take responsibility for the rulemaking that will assure due process is served and provide for an adequate record for judicial review. These procedures should include, but are not limited to, notice to interested parties, transcripts of proceedings, and an adequate opportunity for interested parties to be heard.

The public hearing and appeal procedure is well settled in the federal sector, where agencies involved in important decision making, as is the case here, utilize the public hearing process to obtain opinion and comment on proposed actions. For example, under the Clean Air Act, 42 USC Sections 7604 and 7607, appeals are taken directly from the record of a public hearing to a circuit court of appeal. The judicial review procedure proposed in this bill has passed constitutional scrutiny in the federal courts. It is already utilized in Chapter 343, Hawaii Revised Statutes.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 1357, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1357, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 1119 Housing, Hawaiian Programs and Natural Resources on H.B. No. 1796

The purpose of this bill is to amend chapter 359G, Hawaii Revised Statutes (HRS), relating to Hawaii Housing Authority (HHA) - Housing Projects for "housekeeping" purposes.

The bill proposes to amend chapter 359G, HRS, as follows:

- (1) Amend the purpose section for clarity and to delete outdated information.
- (2) Add definitions to chapter 359G to make it consistent with chapters 356 and 359, HRS.
- (3) Change any reference to "qualified partner" and substitute it with "eligible developer", a term defined in the chapter. There are projects in which the HHA would not want to work in partnership, but rather, would provide interim construction moneys or other types of assistance.
- (4) Replace the term "low cost" with "lower cost" to broaden the range of the types of housing developed by HHA.
- (5) Replace the term "low-income" with "lower income". Although neither term is defined in the chapter, "low-income" connotes an income which is substantially below the State median income. The HHA has developed and will continue to develop homes for this target group, however, efforts are also being targeted toward those with incomes sufficient to qualify for the purchase of an HHA-developed home, therefore, "lower income" is a more appropriate term to use.
- (6) Repeal the contractual staff reserve fund created under section 359G-33, HRS. This fund, which was never established, is to be used "in accordance with the purposes set forth in section 359G-3". However, section 359G-3 was repealed in 1978.

Your Committee has amended the bill by making technical nonsubstantive changes.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 1796, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1796, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 1120 Judiciary on H.B. No. 81

The purpose of this bill is to delete the \$500 ceiling on liens placed on motor vehicles for work performed and materials furnished, and clarify that the registered owner is the owner for the purposes of Section 507-18, Hawaii Revised Statutes.

This bill also prohibits a lien from being placed on any storage charges a motor vehicle may incur while in the possession of the repairer.

Your Committee received testimony in support of this bill from the Hawaii Automotive and Retail Gasoline Dealers Association and the 442 Veteran's Club Federal Credit Union.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 81, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Holt, Kuroda, Solomon and George.

SCRep. 1121 Judiciary on H.B. No. 1079

The purpose of this bill is to provide the Child Support Enforcement Agency the authority to initiate an action to determine the paternity of a child.

Your Committee on Judiciary agrees that there is a need to provide the authority to the Child Support Enforcement Agency to bring an action on behalf of a child up to the age of 21 to determine the child's paternity.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1079, S.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Holt, Kuroda, Solomon and George.

SCRep. 1122 Judiciary on H.B. No. 1726

The purpose of this bill is to clarify the existing language of Chapter 134, Firearms, Ammunition, and Dangerous Weapons, Hawaii Revised Statutes.

Your Committee received testimony from the senior judge of the Family Court and private citizens who expressed the following concerns.

First as received, this bill would have prohibited, in section 134-7(C)(3), the ownership, possession or control of firearms and ammunition by persons who have been admitted to or detained at a psychiatric facility, whether by voluntary or involuntary means, pursuant to certain Chapter 334.

There is no federal precedent for this language because the federal law, as stated in 18 U.S.C. Section 922(g), penalizes firearm possession by any person who "has been adjudicated as a mental incompetent or committed to any mental institution". The fact of admission or detention at a psychiatric facility does not imply an adjudication of mental incompetence or commitment to a mental institution.

Further, this broad language would unfairly penalize anyone who voluntarily sought treatment or who was ever involuntarily detained, for forty-eight hours, pursuant to the emergency hospitalization pursuant to Hawaii Revised Statutes Sections 334-59, 334-60.1. Thus a person could be voluntarily or involuntarily admitted to a hospital for psychiatric treatment, be evaluated and released, but forever lose the privilege of firearm use without any other determination that he/she was dangerous. Accordingly, this bill was amended by deleting this provision.

Secondly, the language in this bill prohibited ownership and possession by persons who as juveniles were "adjudicated by the family court to have committed a felony or any crime of violence.

The phrase "any crime of violence" is defined as any offense which involved injury or threat of injury to the person of another. Conceivably this broad definition could include petty misdemeanor offenses such as harassment and assault in the third degree involving a mutual affray. Thus, an adult could be deprived of future employment opportunities or recreational pursuits involving firearms because of a misdemeanor or petty misdemeanor offense committed while a minor.

Your Committee, however, is cognizant that there are cases where the safety of the community requires that a person be denied eligibility to own, possess or control firearms. Accordingly, this bill was amended to preclude any person, who as a minor, was adjudicated by the Family Court to have committed any crime of violence which constitutes a felony offense under Chapter 37, Hawaii Penal Code.

Section 134-7(9) was also amended by reinstating the language of the current statute. The current statute prohibits a minor who is presently a fugitive from justice from owning, possessing or controlling any firearm or ammunition. Fugitive from justice means any person who flees a jurisdiction to avoid prosecution or to avoid testifying in a criminal proceeding. This bill, as originally drafted would prohibit a person who, as a minor "was" a fugitive from justice. This provision would have unfairly penalized an adult who as a minor was a fugitive from justice, irregardless of age, adult criminal record, or that the person may have been found innocent of any crime or had a valid basis for avoiding testifying in a criminal proceeding. This further conflicts with the Family Court System which is premised on the belief that minor should not be treated as adults within the criminal system.

Grammatical and non-substantive amendments were also made to this section of the bill.

This bill was further amended in section 134-6 by making it lawful to transport firearms to a "place of formal hunter or firearm use training or instruction". This amendment will benefit hunter safety education programs by allowing instructors and clubs to conduct training programs on firearm safety, use and maintenance outside of established firing ranges.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1726, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 1726, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Holt, Solomon and George.

SCRep. 1123

Judiciary on H.B. No. 37

The purpose of this bill is to provide a means for Native Hawaiians and Hawaiians to sue for breaches of the trusts established under the Hawaii State Constitution, the Hawaiian Homes Commission Act, and the Hawaii Admissions Act.

Your Committee on Judiciary has provided the authority and developed a procedure which will allow Native Hawaiians and Hawaiians to sue the State of Hawaii for redress. Thus, Your Committee has provided for the State's waiver of its immunity in the management and disposition of the Hawaiian trust funds and resources and has provided that claims from statehood to the present can be brought. There will, however, be a two year statute of limitations or until July 1, 1989.

Claims must be presented to a three member Hawaiian Claims Conciliation Panel. One panel member will be appointed by the directors of the Native Hawaiian Legal Corporation and one member by the Governor. The third member who will be the chairperson will be appointed by the other two members. The panel will appoint an arbitrator qualified by the American Arbitration Association or under the Hawaii Arbitration Rules to hear the claim, and the arbitrator will make a decision and award. If the person or organization bringing the claim is not satisfied with the arbitrator's award, the party can file an action in Circuit Court. There are built-in disincentives in the bill to discourage frivolous suits or frivolous appeals from the arbitrator's award. The process is patterned after the mandatory arbitration procedures currently governing tort suits.

In order to meet the concerns expressed by the State and others about the final costs of these claims, your Committee has drafted this bill to provide that the waiver of sovereign immunity is conditioned upon the understanding that all awards or judgments will be conditional and not final unless expressly approved by the Legislature. Thus, the bill requires the Hawaiian Claims Conciliation Panel to accumulate the contingent awards and judgments and report this

information to the Hawaii State Legislature on December 31, 1989. This information will allow the Legislature in the 1990 session to be informed as to the claims that have been brought and the amount of the awards and judgments. The 1990 Legislature will then decide whether it will fully pay the contingent awards and judgments, and how to pay for the awards and judgments. Your Committee intends that the 1990 Legislature consider paying the awards and judgments not only in money, but also in real property or other compensation.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 37, 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. 37, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senators Holt, Kuroda and George.

SCRep. 1124 Judiciary on H.B. No. 775

The purpose of this bill is to strengthen the statutes which impose criminal penalties on individuals who have negligently caused the death of, or serious bodily injury to another person while driving a motor vehicle under the influence of intoxicating liquor.

Your Committee has amended the bill to provide that where a driver who refuses to submit to a breath or blood test who previously committed a drunk driving offense, the driver's license will be revoked at the time of arraignment. At the present time, when a person is arrested for drunk driving, it is not always possible to check the person's prior arrest record on the computer. Delaying the revocation until arraignment will provide the time necessary to get accurate information.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 775, 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. 775, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Solomon.

SCRep. 1125 Judiciary on H.B. No. 1251

The purpose of this bill is to end uncertainty as to the enforceability of premarital agreements in the State of Hawaii, and to bring Hawaii in line with the trend of authority regarding these agreements across the nation.

Your Committee on Judiciary has amended this bill to correct typographical errors or to make non-substantive changes. Your Committee believes this bill, which is almost identical with S.B. 801, S.D. 1, will help strengthen family life by ending uncertainty where premarital agreements are made.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1251, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 1251, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Solomon.

SCRep. 1126 Judiciary on H.B. No. 853

The purpose of this bill is to lengthen the time period before a person convicted of the offense of abuse of family and household members may apply for an order to expunge the records.

Under the present law, a person convicted of the offense may apply for an expungement order one year after discharge of the proceedings. This bill will extend the time period to five years.

Your Committee heard testimony in support of this measure from the Victim/Witness Kokua Services, and the Oahu Spouse Abuse Task Force. All persons who testified felt the present time period of one year was too short a time period since most individuals convicted of the offense have a history of such behavior. A five-year period would provide a more realistic time period in which a person may demonstrate that expungement is warranted.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 853, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Solomon.

SCRep. 1127 Judiciary on H.B. No. 5

The purpose of this bill is to provide protection to employees in the private and public sectors who report suspected violations of law from any form of retaliation by their employers.

Your Committee on Judiciary heard testimony from the State Ethics Commission strongly supporting this bill. Your Committee agrees that providing protection to government employees and citizens who are willing to "blow the whistle" when they are aware of ethical or other violations of law will help the State maintain high standards of ethical conduct.

Your Committee on Judiciary is in accord with the intent and purpose of H.D. 5, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Solomon.

SCRep. 1128 Judiciary on H.B. No. 1688

The purpose of this bill is to relieve owners of private aircraft from absolute liability for injuries to persons or property caused by the aircraft during its operation.

This bill also provides a definition for "commercial use" aircraft since these aircraft will continue to be held absolutely liable as provided in this section.

Current statute requires the owner of an aircraft which is operated over the lands or waters of the State be held absolutely liable for injuries to persons or property on the land or water caused by the operation of an aircraft, regardless of the owner's negligence.

Your Committee finds that this statute places an undue burden upon an aircraft owner since no consideration is given to whether the aircraft is leased, if it is operated by someone other than the owner or even reported stolen at the time that the injury was sustained.

In addition, insurance rates for aircraft owners and renters are significantly higher in Hawaii than other states due to this absolute liability provision. As a result, the passage of this bill would result in affordable insurance being available within the general aviation community.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1688, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Solomon and George.

SCRep. 1129 Judiciary on H.B. No. 4

The purpose of this bill is to ensure fairness in elections, protect legitimate reputations of all political candidates and punish those individuals responsible for "smear" campaigns, without any intended chilling effect on the right of free speech under the First Amendment.

Your Committee believes there is an urgent need to deal with unfair campaign and election practices, and believes a separate, impartial campaign commission must be established to be able to act quickly on complaints. Accordingly, your Committee has amended the bill to make it conform to Senate Bill 1147, S.D. 2, as well as making corrections of typographical errors.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 4, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 4, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Holt, Kuroda, Solomon and George.

SCRep. 1130 Judiciary on H.B. No. 3

The purpose of this bill is to conform the enumerated sections of the Hawaii Penal Code to the recent changes in the numbering and naming of certain statutory crimes. The bill also inserts erroneously omitted language.

This bill amends Section 701-107(1) to include the in the first and second degrees and attempted murder in the first and second degrees as crimes within the felony grade (hereinafter collectively referred to as "new murder crimes"). The bill also amends the following sections of the Hawaii Penal Code to include the new murder crimes.

Section 701-108(1), Relating to Time Limitations (includes prosecution of new murder crimes as commencing at any time);

Section 706-610(1), Relating to Classes of Felonies (excepts the new murder crimes, which lack a specification of class, from class C felonies);

Section 707-702(2), Relating to Manslaughter (substitutes new murder crimes for murder where the defense of extreme mental or emotional distress reduces the offense to manslaughter); and

Section 706-640(1), Relating to Authorized Fines (includes new murder crimes with class A felonies subject to maximum fine of \$50,000).

This bill clarifies Section 706-656(1), by specifically referring to the Governor as the person who commutes the life prison term without parole. The bill also provides in Section 706-656(1) and (2) that repeat offenders under Section 706-606.5, shall serve at least the applicable mandatory minimum prison term.

This bill also makes several amendments to 706-606.5, Repeat Offender statute. First, this bill increases the mandatory minimum term where murder in the second degree or its attempt is the present or instant conviction. The bill adds ten (10), twenty (20), and thirty (30) year minimum terms where the prior convictions number one, two or three, respectively. The twenty year period within which the mandatory minimum may be imposed for a class A felony is applied to the new murder crimes.

The bill provides that when crimes committed in another jurisdiction are felonies under the Hawaii Penal Code, they constitute "prior felonies" under 706-606.5. It also provides that the period within which the repeat offender statute applies is the maximum possible prison term of the prior foreign conviction. The present law contains no provisions for such a period.

The bill also makes clear by deletion that the repeat offender statute requires only one felony previous to the felony for which the defendant is sentenced under the statute. The change clarifies the present law which defines a "prior" felony as one felony after a "previous" felony.

The bill expands the enumerated list of felonies which trigger the statute's application to include four pre-1986 Legislature crimes: Rape in the third degree, sodomy in the third degree, sexual abuse in the first degree and theft in the first degree. The new murder crimes are added to the list, as well as convictions for "attempts" for all classes of felonies.

This bill also redefines "sexual contact under section 707-700. This section of the bill was amended by broadening the definition of the term sexual contact to include the touching of the sexual or other intimate parts of the actor by the person, whether directly or through the clothing or other material intended to cover the sexual or other intimate parts.

This bill further provides that recent recodification of the sexual assault crimes is not to be construed to prohibit licensed medical practitioners from performing any acts within their practice.

This bill also adds "sexual contact by strong compulsion" as another act by which a person commits the offense of sexual assault in the third degree.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Holt, Kuroda, Solomon and George.

SCRep. 1131

Judiciary on H.B. No. 1907

The purpose of this bill is to provide an alternative to the current system of civil process service by providing for the licensure of private, fully qualified and trained civil process servers.

Your Committee heard favorable testimony from the State Sheriff who stated that this bill will enable expeditious and efficient service of process for attorneys and citizens through the use of trained process servers who are licensed by the State. At the same time, cost savings would result because fewer clerical staff will be needed to service the serving deputies and none would be needed to account for the fees paid to serving officers. Your Committee finds that accounting for these fees presently requires detailed and extensive records management. Since the new system would eliminate the need for a supervising agency to collect and account for the fees paid for service of process, the Judiciary could assimilate the clerical positions freed as a result of this measure into other needed clerical functions within the Judiciary.

Your Committee further finds that this measure is consistent with the philosophy that government should not be performing those functions that could be performed as well or better by the private sector. As a result, your Committee amended the bill to make the fee schedule limiting rather than obligatory.

Your Committee also amended proposed Section -2 to specify the training program in the service of process and applicable laws, rules and regulations shall be no less than forty (40) hours in duration nor more than eighty (80) hours.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1907, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 1907, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Holt, Kuroda, Solomon and George.

SCRep. 1132 Judiciary on H.B. No. 1486

The purpose of this bill is to amend chapter 340E, Hawaii Revised Statutes, to include the provisions of the federal Safe Drinking Water Act.

Your Committee on Judiciary heard testimony supporting this bill as S.B. 324, S.D. 2, and the bill passed by the Senate is almost identical to this bill. Your Committee agrees that this bill addresses a public health issue which the Legislature must provide a remedy for.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1486, H.D. 1, S.D. 1 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Solomon and George.

SCRep. 1133 Judiciary on H.B. No. 62

The purpose of this bill is to transfer the theft of telecommunication or cable television services to the Hawaii Penal Code, consolidating this kind of theft with other statutory offenses relating to theft.

Specifically, the bill provides that cable television service fraud in the first degree shall be a class C felony; cable television service fraud in the second degree shall be a misdemeanor; telecommunication service fraud in the first degree is a class C felony; and telecommunication service fraud in the second degree is a misdemeanor. The bill also provides for forfeiture of telecommunication or cable service devices possessed or used in violation of the law, and repeals section 275-9, Hawaii Revised Statutes, relating to use, sale, or manufacturing of devices or equipment designed to fraudulently obtain telecommunications or cable services.

Your Committee received testimony from the Department of Commerce and Consumer Affairs which supported this bill because it both clarified existing law and aligned Hawaii law with similar theft provisions in other jurisdictions. The Hawaii Cable Television Association (HCTA) also testified that many jurisdictions treat cable and telecommunication theft by homeowners as a misdemeanor, and a felony when such theft is for personal gain or commercial advantage. HCTA noted that it had no objections to the two tiered approach proposed in this bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 62, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Holt, Kuroda, Solomon and George.

SCRep. 1134 Judiciary on H.B. No. 250

The purpose of this bill is to provide for the release of the personal records of appointed public officials which are relevant to that officials' qualifications.

Your Committee on Judiciary heard testimony from Common Cause in support of the bill, and from the Attorney General asking that the bill be deferred until the Governor's committee studying the confidentiality of public records can complete its work. Your Committee believes the urgency of keeping the public informed about the government's activities requires the passage of this bill.

In addition, your Committee has amended the bill to provide that where a person knowingly or

intentionally violates Section 92E-12, Hawaii Revised Statutes, by releasing certain kinds of confidential records and communications, that person shall be guilty of a misdemeanor.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 250, 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. 250, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Solomon.

SCRep. 1135 Judiciary on H.B. No. 903

The purpose of this bill is to provide for the assignment of any type of income, including earnings, for child support.

Your Committee amended the bill to clarify the definition of "income" to mean net income.

Your Committee also made technical, nonsubstantive amendments to the bill.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 903, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 903, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Holt, Kuroda and Solomon.

SCRep. 1136 Judiciary on H.B. No. 1487

The purpose of this bill is to amend the schedule of controlled substances in accordance with federal law and to allow for the forfeiture to the State of vehicles used to illegally distribute controlled substances and real property used in connection with illegal drug activities.

Your Committee on Judiciary heard testimony from the Director of Health in support of this bill. Your Committee agrees with the Department of Health that there is a need to continually update the schedules of controlled substances in Chapter 329 of the Hawaii Revised Statutes. Updating of the schedules gives law enforcement agencies the ability to monitor drugs and narcotics, and to make arrests for violations of law.

It is not clear, however, to your Committee that amending Section 329-55, Hawaii Revised Statutes, is necessary. There already appears to be ample authority for the forfeiture of conveyances, including aircraft, vehicles or vessels, used in any manner to facilitate the transportation of controlled substances. In addition, your Committee does not believe the State should be engaging in the forfeiture of real property until there are sufficient safeguards on the manner in which this is done, the agencies which will be involved, and who or what agencies will control the use or disposition of the real property. Until these questions are answered, your Committee has amended the bill by deleting any reference to Section 329-55, Hawaii Revised Statutes.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1487, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 1487, S.D. 2.

Signed by all members of the Committee except Senator Solomon.

SCRep. 1137 Judiciary on H.B. No. 1002

The purpose of this bill is to prohibit the impersonation of a law enforcement officer.

This bill repeals HRS section 710-1016.5, relating to impersonating a peace officer, and adds four new sections relating to impersonating a law enforcement officer. This bill creates two grades of the offense and defines a law enforcement officer as all state and federal employees vested by law to maintain public order, to make arrests for offense, or to enforce the criminal laws.

This bill was amended by deleting the phrase "or to enforce the criminal laws" as redundant because that phrase is synonymous with the phrase "to make arrests for offenses".

In addition this bill was amended to make impersonation of a law enforcement officer in the first degree a class B felony. As originally drafted, this bill made both grades of the offense class C felonies. This is believed to be a typographical error.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1002, as

amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1002, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Solomon.

SCRep. 1138 Judiciary on H.B. No. 922

The purpose of this bill is to amend chapter 582, HRS, by adding a new section that would authorize and direct the Governor to execute, with any other state, an amendment of the Interstate Compact on Juveniles, concerning Interstate Rendition of Juveniles alleged to be delinquent.

Your Committee on Judiciary agrees with the principle that the State of Hawaii should be able to enter into interstate compacts with other states to return juvenile fugitives who have been charged with crimes. However, your Committee has amended the bill to reflect its belief that compacts should be limited to juveniles who have been accused of committing felonies. Your Committee believes the State should be obligated to return juveniles who have been accused of major crimes, not misdemeanors, petty misdemeanors, or even status offenses.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 922, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 922, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Solomon.

SCRep. 1139 Agriculture, Energy and Ocean Resources on S.C.R. No. 29

The purpose of this concurrent resolution is to urge Hawaii's congressional delegation to support the restoration of funding for Ocean Research and for the Sea Grant College Program reauthorization bill currently before Congress.

Proposed cuts in the federal budget will eliminate the National Sea Grant College Program, which funds the University of Hawaii Sea Grant College Program and the National Oceanic and Atmospheric Administration (NOAA) Underwater Research Program, which funds the Hawaii Undersea Research Laboratory. Further, the budget of the National Marine Fisheries Service will be reduced by 38.7 percent.

Your Committee finds that all of the above programs play a vital role in the research and development of Hawaii's large and valuable Exclusive Economic Zone (EEZ) and the proposed budget cuts will bring this research and development to a virtual halt. These proposed budget cuts cannot be tolerated by the State of Hawaii.

Your Committee received testimony in support of this concurrent resolution from the Hawaii Undersea Research Laboratory with the University of Hawaii, the Director of the Sea Grant College Program at the University of Hawaii, and the Director of the Department of Planning and Economic Development.

Your Committee has amended the concurrent resolution by adding language to the last paragraph requesting that this concurrent resolution also be sent to governments of the 15 states and territories comprising the Western Legislative Conference. The purpose of this amendment is to rally additional support for this cause from other states with similar interests.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.C.R. No. 29, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 29, S.D. 1.

Signed by all members of the Committee except Senator Holt.

SCRep. 1140 Agriculture, Energy and Ocean Resources on S.R. No. 43

The purpose of this resolution is to urge Hawaii's congressional delegation to support the restoration of funding for Ocean Research and for the Sea Grant College Program reauthorization bill currently before Congress.

Proposed cuts in the federal budget will eliminate the National Sea Grant College Program, which funds the University of Hawaii Sea Grant College Program and the National Oceanic and Atmospheric Administration (NOAA) Underwater Research Program, which funds the Hawaii Undersea Research Laboratory. Further, the budget of the National Marine Fisheries Service will be reduced by 38.7 percent.

Your Committee finds that all of the above programs play a vital role in the research and development of Hawaii's large and valuable Exclusive Economic Zone (EEZ) and the proposed budget cuts will bring this research and development to a virtual halt. These proposed budget cuts cannot be tolerated by the State of Hawaii.

Your Committee received testimony in support of this resolution from the Hawaii Undersea Research Laboratory with the University of Hawaii, the Director of the Sea Grant College Program at the University of Hawaii, and the Director of the Department of Planning and Economic Development.

Your Committee has amended the resolution by adding language to the last paragraph requesting that this resolution also be sent to governments of the 15 states and territories comprising the Western Legislative Conference. The purpose of this amendment is to rally additional support for this cause from other states with similar interests.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.R. No. 43, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 43, S.D. 1.

Signed by all members of the Committee except Senator Holt.

SCRep. 1141 Culture, Arts and Historic Preservation on S.C.R. No. 19

The purpose of this Concurrent Resolution is to request the Governor of the State of Hawaii to proclaim April 9, 1987, as the 150th anniversary of the arrival of the Eighth Company of American missionaries.

The Eighth Company, the largest to be sent out by the American Board of Commissioners for Foreign Missions, consisted of eleven teachers, three ministers, two physicians and one assistant superintendent for Secular Affairs.

The Eighth Company sailed from Boston, Massachusetts, on December 14, 1836, and 116 days later, arrived in Honolulu on April 9, 1837.

The missionaries of the Company were the only foreigners on the islands in the early days who concerned themselves wholeheartedly with the fate of the Hawaiians.

The descendants of the missionaries of the Eighth Company will be celebrating their ancestor's arrival in April, 1987, at the Annual Meeting of the Hawaiian Mission Children's Society.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of S.C.R. No. 19 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1142 Culture, Arts and Historic Preservation on S.C.R. No. 17

The purpose of this concurrent resolution is to reaffirm the intent of the Legislature in preserving the Diamond Head State Monument.

Your Committee received favorable testimony from the Outdoor Circle, West Diamond Head Community Association, Kahala Community Association and the Save Diamond Head Association and finds that there exists much concern for the preservation of the Diamond Head State Monument. Advocates desire the prohibition of any man-made structure to the visible outer slopes of Diamond Head to keep it in its natural state.

Your Committee is in agreement with the intent of the resolution to preserve the outer slopes of Diamond Head. Your Committee, however, believes that the interior of the crater should be beautified and utilized for active recreational purposes. The Diamond Head State Monument, without any encroachment to the exterior, would be enhanced visually and enjoyed by the people of the State, if a golf course were to be developed within the crater. Your Committee, therefor, has amended the resolution accordingly.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of S. C. R. No. 17, as amended herein, and recommends its adoption in the form attached hereto as S. C. R. No. 17, S.D. 1.

Signed by all members of the Committee.

SCRep. 1143

Higher Education on S.C.R. No. 27

The purpose of this concurrent resolution is to request the United States Congress to recognize and support the University of Hawaii as a primary institution for education and training of Pacific Island Nations.

National recognition and support of the University of Hawaii as an educational center and training institution for Pacific Island Nations is well established through numerous past and ongoing endeavors, as the language of this concurrent resolution indicates.

The University of Hawaii has the only Pacific Islands National Resource Center in the United States that is recognized and has been funded by the U.S. Department of Education since 1973. The University is also receiving recognition and support from the United States Information Agency (USIA) which funds two educational exchange programs between the University of Hawaii and the Pacific Islands. Additionally, the Pacific Islands Studies Center has received the support of the Asia Foundation (USIA funded) for an exchange program with the University of the South Pacific in Fiji.

Examples from the agricultural and community development areas provide strong support for the University of Hawaii being the leading representative of the United States in the Pacific Islands:

1. Since 1980, the College of Tropical Agriculture and Human Resources (CTAHR) has assisted the University of the South Pacific (USP) to develop its capability to develop agriculture in the eleven South Pacific Nations which the University serves. The College has thereby carried the Land-Grant concept of an integrated university program of instruction, research and extension to the South Pacific. Research and outreach, in collaboration with local ministry officers, are in progress in most of the eleven nations. This project is funded by a grant from the United States Agency for International Development (USAID).
2. CTAHR has the coordinative role in a multinational project, the International Benchmark Sites Network for Agrotechnology Transfer Project, which also is funded by USAID, to bring to developing countries the benefits of systems-based agrotechnology transfer.
3. The American Pacific consists of an arc of islands extending from American Samoa through the Associated Federated States of Micronesia and Guam to the Commonwealth of the Northern Mariana Islands, with Hawaii at the pivot of the arc. All of these units now have received Land-Grant status and CTAHR is providing the lead for all of the Pacific Island Land-Grant institutions to form an integrated research/extension/instruction program.

Your Committee received favorable testimony from the President of the University of Hawaii and adopted a recommendation to replace the second "WHEREAS" paragraph with the following language:

"WHEREAS, leaders of the recently independent Pacific Island Nations are developing international relations and regional alliances according to their particular needs and political ideologies, and are seeking a variety of economic and technical aid from their larger neighbors along both the east and west Pacific Rim; and"

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 27, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 27, S.D. 1.

Signed by all members of the Committee.

SCRep. 1144

Higher Education on S.R. No. 40

The purpose of this resolution is to request the United States Congress to recognize and support the University of Hawaii as a primary institution for education and training of Pacific Island Nations.

National recognition and support of the University of Hawaii as an educational center and training institution for Pacific Island Nations is well established through numerous past and ongoing endeavors, as the language of this concurrent resolution indicates.

The University of Hawaii has the only Pacific Islands National Resource Center in the United States that is recognized and has been funded by the U.S. Department of Education since 1973. The University is also receiving recognition and support from the United States Information

Agency (USIA) which funds two educational exchange programs between the University of Hawaii and the Pacific Islands. Additionally, the Pacific Islands Studies Center has received the support of the Asia Foundation (USIA funded) for an exchange program with the University of the South Pacific in Fiji.

Examples from the agricultural and community development areas provide strong support for the University of Hawaii being the leading representative of the United States in the Pacific Islands:

1. Since 1980, the College of Tropical Agriculture and Human Resources (CTAHR) has assisted the University of the South Pacific (USP) to develop its capability to develop agriculture in the eleven South Pacific Nations which the University serves. The College has thereby carried the Land-Grant concept of an integrated university program of instruction, research and extension to the South Pacific. Research and outreach, in collaboration with local ministry officers, are in progress in most of the eleven nations. This project is funded by a grant from the United States Agency for International Development (USAID).
2. CTAHR has the coordinative role in a multinational project, the International Benchmark Sites Network for Agrotechnology Transfer Project, which also is funded by USAID, to bring to developing countries the benefits of systems-based agrotechnology transfer.
3. The American Pacific consists of an arc of islands extending from American Samoa through the Associated Federated States of Micronesia and Guam to the Commonwealth of the Northern Mariana Islands, with Hawaii at the pivot of the arc. All of these units now have received Land-Grant status and CTAHR is providing the lead for all of the Pacific Island Land-Grant institutions to form an integrated research/extension/instruction program.

Your Committee received favorable testimony from the President of the University of Hawaii and adopted a recommendation to replace the second "WHEREAS" paragraph with the following language:

"WHEREAS, leaders of the recently independent Pacific Island nations are developing international relations and regional alliances according to their particular needs and political ideologies, and are seeking a variety of economic and technical aid from their larger neighbors along both the east and west Pacific Rim; and"

Your Committee on Higher Education 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.

SCRep. 1145 Corrections on H.B. No. 708

The purpose of this bill is to amend Section 353, Hawaii Revised Statutes, by adding a new section which will allow prisoners to retain a private licensed medical doctor or psychologist for their own care, at the prisoner's own expense.

In addition, this bill provides that the State would be exempt from any civil liability as a result of this private care.

Your Committee received testimonies from the Department of Social Services and Housing, the American Civil Liberties Union of Hawaii, and Hawaii Psychological Association in support of this measure. All testimonies indicate that this bill would insure that inmates would have access to private medical and mental health care at no cost to the State.

Your Committee finds that by explicitly delineating the right of a prisoner to retain a private licensed medical doctor or psychologist, the maintenance of the prisoner's emotional and physical health will be better assured.

Your Committee on Corrections is in accord with the intent and purpose of H.B. No. 708, 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. 1146 Corrections on H.B. No. 1327

The purpose of this bill is to amend Sections 352-23 and 352-24, Hawaii Revised Statutes, to delete provisions that place limitations on how the Hawaii Youth Correctional Facility (HYCF) may be organized.

Presently, Sections 352-23 and 352-24 require that the HYCF have a separate administrative section entitled "community service," to include an office entitled "juvenile parole". The small size of the HYCF population eligible for the services provided by the community service section and juvenile parole office do not warrant a separate entity dedicated to their needs. This bill would delete the requirement for the separate administrative section and substitute therefor a requirement that the HYCF have community service and juvenile parole programs.

Your Committee, upon consideration of this bill and a review of all testimonies, including supporting testimonies from the Department of Social Services and Housing and the Department of Education, finds that Sections 352-23 and 352-24 need to be amended to enable HYCF to structurally reorganize in a more efficient and effective manner under program concepts.

Your Committee on Corrections is in accord with the intent and purpose of H.B. No. 1327 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1147

Ways and Means on S.R. No. 23

The purpose of this Resolution is to direct all financial officers of state agencies, particularly the state retirement system, to (1) divest state investment in firms doing business in the Republic of South Africa; and (2) refrain from making investments in South African-related firms until South Africa implements a policy of racial desegregation and equal rights and opportunities for all races in that country.

Racial segregation is at the core of South Africa's apartheid policy, enforced through segregation of mixed raced, Asian, and Black South Africans in education, housing, and public facilities. However, South Africa's government not only segregates the races but denies or restricts non-whites from enjoying the basic political, legal, and human rights to which all people should be entitled—the rights of suffrage; speech; legal representation; the chance to make a decent livelihood and live together with one's family.

Your Committee joins in the world's condemnation of these racially-based practices and believes that the divestment called for by this Resolution, together with the \$18.5 billion divestment by other states, counties, and cities, will not only pressure the affected firms to put an end to the practices but also represents a strong statement of disapproval of them.

Your Committee heard testimony generally favoring this Resolution. One notable exception was the board of trustees of the State's retirement system, which testified against the Resolution primarily on the grounds that the divestment may produce poor investment results while increasing investment risk. The board also noted that it may cost the State and retirement system's beneficiaries as much as \$14 million should the securities the State now holds in South African-related companies be sold at "an inopportune time". Your Committee is not unmindful of these potential effects. However, those consequences are not the inevitable result of a divestment policy. Indeed, it can be argued that investment risk may actually be reduced through divestment, given the unrest in South Africa. Neither should investment results suffer; the Calvert Social Investment Fund and the Pax World Fund have done well without investing in companies doing business in South Africa. To avoid any losses from selling state investments at an inappropriate time, the divestment may be phased in over a number of years, as other states, cities, and counties are doing in divesting their investments in South African-related companies.

Your Committee believes, then, that the reforms sought by this Resolution may be achieved without loss to the State's investment portfolios. To ensure the latter objective, your Committee amended this Resolution so that divestment need not occur "immediately" but may be phased in, thereby allowing the sale of the State's investments at appropriate times to avoid losses.

Your Committee on Ways and Means concurs with the intent and purpose of S.R. No. 23, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 23, S.D. 1.

Signed by all members of the Committee.

SCRep. 1148

Ways and Means on S.C.R. No. 18

The purpose of this Concurrent Resolution is to direct all financial officers of state agencies, particularly the state retirement system, to (1) divest state investment in firms doing business in the Republic of South Africa; and (2) refrain from making investments in South African-related firms until South Africa implements a policy of racial desegregation and equal rights and opportunities for all races in that country.

Racial segregation is at the core of South Africa's apartheid policy, enforced through segregation of mixed raced, Asian, and Black South Africans in education, housing, and public facilities. However, South Africa's government not only segregates the races but denies or restricts non-whites from enjoying the basic political, legal, and human rights to which all people should be entitled--the rights of suffrage; speech; legal representation; the chance to make a decent livelihood and live together with one's family.

Your Committee joins in the world's condemnation of these racially-based practices and believes that the divestment called for by this Concurrent Resolution, together with the \$18.5 billion divestment by other states, counties, and cities, will not only pressure the affected firms to put an end to the practices but also represents a strong statement of disapproval of them.

Your Committee heard testimony generally favoring this Concurrent Resolution. One notable exception was the board of trustees of the State's retirement system, which testified against the Concurrent Resolution primarily on the grounds that the divestment may produce poor investment results while increasing investment risk. The board also noted that it may cost the State and retirement system's beneficiaries as much as \$14 million should the securities the State now holds in South African-related companies be sold at "an inopportune time". Your Committee is not unmindful of these potential effects. However, those consequences are not the inevitable result of a divestment policy. Indeed, it can be argued that investment risk may actually be reduced through divestment, given the unrest in South Africa. Neither should investment results suffer; the Calvert Social Investment Fund and the Pax World Fund have done well without investing in companies doing business in South Africa. To avoid any losses from selling state investments at an inappropriate time, the divestment may be phased in over a number of years, as other states, cities, and counties are doing in divesting their investments in South African-related companies.

Your Committee believes, then, that the reforms sought by this Concurrent Resolution may be achieved without loss to the State's investment portfolios. To ensure the latter objective, your Committee amended this Concurrent Resolution so that divestment need not occur "immediately" but may be phased in, thereby allowing the sale of the State's investments at appropriate times to avoid losses.

Your Committee also corrected a typographical error in this Concurrent Resolution.

Your Committee on Ways and Means concurs with the intent and purpose of S.C.R. No. 18, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 18, S.D. 1.

Signed by all members of the Committee.

SCRep. 1149 Agriculture, Energy and Ocean Resources on H.B. No. 1233

The purpose of this bill is to prohibit the use of any nets in Hilo harbor, with certain exceptions.

The Chairperson of the Board of Land and Natural Resources testified that anglers who fish with poles and lines from the shores of Hilo Bay have complained that large amounts of fish are caught by a few fishermen using gillnets. The anglers claim that the gillnets deprive them of the opportunity to catch fish by capturing the fish before they come close to shore and by interfering with the anglers' lines. The nets are also a hazard to boaters when they are set across boating channels.

Your Committee finds that closing the inner bay to netting would conserve and restore the already short supply of fish in the area and help to equitably distribute fishing opportunities among the many fishermen of Hilo.

Commercial marine and pond operators with appropriate licenses would still be allowed to take baitfish or pua, and the use of throw nets, opae nets, crab nets, or nehu nets not longer than fifty feet to take nehu for family consumption or bait purposes will continue to be allowed.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 1233 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 Housing, Hawaiian Programs and Natural Resources on H.B. No. 477

The purpose of this bill is to prohibit a landlord from recovering or taking possession of a dwelling unit by turning off running water, hot water, electricity, gas, or other essential services, except where there is abandonment or surrender of the premises.

Your Committee has received testimonies from the Legal Aid Society of Hawaii, and the Hawaii Association of Realtors, all of whom expressed concern about the present harm and suffering which may be caused to children, the elderly, handicapped and the sick when necessary services are terminated or interrupted by landlords.

Your Committee, upon consideration of all testimonies, finds that the safety and health of tenants should not be jeopardized to obtain possession of a dwelling unit.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 477, 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 Consumer Protection and Commerce on S.C.R. No. 35

The purpose of this Concurrent Resolution is to request the State Department of Transportation, with the cooperation of the Insurance Division of the Department of Commerce and Consumer Affairs, to study the feasibility of mandating motor vehicle insurance premium discounts for drivers who have successfully completed a safe driving course.

Your Committee received supporting testimony from the Assistant State Coordinator of the American Association of Retired Persons' "55 Alive/Mature Driving" program, who stated that this program is the first nationwide comprehensive curriculum designed especially for the older motorist. She further stated that twenty-one states, including California, require insurance companies to provide a premium discount to successful graduates of the program.

The State Department of Transportation, on the other hand, testified that the assumption that a high percentage of people who complete a safe driving course will drive more safely is not borne out by scientific evidence. They cited a 1984 study conducted by the U.S. Department of Transportation which concluded that after the first six months, there were no statistically significant differences in accident or violation rates between persons who had completed a seventy hour extensive driver education course, persons who had completed a standard high school driver education course, and a control group who had received no formal instruction.

Your Committee, after reviewing this particular study, finds that the participants were all high school students, thus rendering the test results highly questionable in reference to the population as a whole.

Your Committee, after considering all the testimony, finds that there is substantial reason to believe that safe driving courses have a beneficial effect on the driving habits of graduates. However, your Committee is hesitant to adopt such belief as policy without considering more information on the subject. Therefore, your Committee has amended the Concurrent Resolution to request that the study incorporate a complete listing of federal and state studies relating to the subject and that it also include information relating to the experience of other states which have enacted such legislation.

Your Committee has further amended the Concurrent Resolution to request that the study also assess the feasibility of mandating insurance premium reductions to drivers who have not accumulated any points against their license within a 3 year period. Your Committee believes that safe drivers with a history free of traffic violations and accidents constitute a safer risk for their insurance companies and therefore should be rewarded accordingly. It is the hope of your Committee that insurance companies will adopt "good driver" rate reductions as a standard business practice without waiting for the legislature to mandate it.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.C.R. No. 35, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 35, S.D. 1.

Signed by all members of the Committee except Senators Fernandes Salling, B. Kobayashi and Kuroda.

SCRep. 1152

Consumer Protection and Commerce on S.R. No. 46

The purpose of this Resolution is to request the State Department of Transportation, with the cooperation of the Insurance Division of the Department of Commerce and Consumer Affairs, to study the feasibility of mandating motor vehicle insurance premium discounts for drivers who have successfully completed a safe driving course.

Your Committee received supporting testimony from the Assistant State Coordinator of the American Association of Retired Persons' "55 Alive/Mature Driving" program, who stated that this program is the first nationwide comprehensive curriculum designed especially for the older motorist. She further stated that twenty-one states, including California, require insurance companies to provide a premium discount to successful graduates of the program.

The State Department of Transportation, on the other hand, testified that the assumption that a high percentage of people who complete a safe driving course will drive more safely is not borne out by scientific evidence. They cited a 1984 study conducted by the U.S. Department of Transportation which concluded that after the first six months, there were no statistically significant differences in accident or violation rates between persons who had completed a seventy hour extensive driver education course, persons who had completed a standard high school driver education course, and a control group who had received no formal instruction.

Your Committee, after reviewing this particular study, finds that the participants were all high school students, thus rendering the test results highly questionable in reference to the population as a whole.

Your Committee, after considering all the testimony, finds that there is substantial reason to believe that safe driving courses have a beneficial effect on the driving habits of graduates. However, your Committee is hesitant to adopt such belief as policy without considering more information on the subject. Therefore, your Committee has amended the Resolution to request that the study incorporate a complete listing of federal and state studies relating to the subject and that it also include information relating to the experience of other states which have enacted such legislation.

Your Committee has further amended the Resolution to request that the study also assess the feasibility of mandating insurance premium reductions to drivers who have not accumulated any points against their license within a 3 year period. Your Committee believes that safe drivers with a history free of traffic violations and accidents constitute a safer risk for their insurance companies and therefore should be rewarded accordingly. It is the hope of your Committee that insurance companies will adopt "good driver" rate reductions as a standard business practice without waiting for the legislature to mandate it.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.R. No. 46, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 46, S.D. 1.

Signed by all members of the Committee except Senators Fernandes Salling, B. Kobayashi and Kuroda.

SCRep. 1153

Consumer Protection and Commerce on S.C.R. No. 37

The purpose of this Concurrent Resolution is to request a study to review the laws and procedures regarding professional peer review in Hawaii.

Congress recently passed legislation entitled the Health Care Quality Improvement Act of 1986 (P.L. 99-660) in response to the increasing occurrence of medical malpractice and the need to improve the quality of medical care throughout the country. In passing this Act, Congress expressed the position that malpractice could be effectively remedied through effective professional peer review if not for the fact that the threat of liability under federal law discourages physicians from participating. P.L. 99-660 is intended to correct this problem by providing incentives and protection for physicians engaging in effective professional peer review programs at the local and state levels.

Your Committee received testimony from the Hawaii Medical Association, the Department of Commerce and Consumer Affairs, the Department of Health, Healthcare Association of Hawaii, and others and finds that a review of the laws and procedures relating to professional peer review would contribute to the over-all quality of health care services in Hawaii and would enable Hawaii to opt-in early to take advantage of the benefits offered through P.L. 99-660.

Because the study group which would be formed in response to this Concurrent Resolution

would consider many legal issues, your Committee finds that attorneys should be included as participants. Therefore, your Committee has amended the Concurrent Resolution to include plaintiff and defense attorneys in the study group.

Your Committee on Consumer Protection and Commerce concurs with the intent of S.C.R. No. 37, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 37, S.D.1.

Signed by all members of the Committee except Senators Fernandes Salling, B. Kobayashi and Kuroda.

SCRep. 1154 Consumer Protection and Commerce on S.R. No. 48

The purpose of this Resolution is to request a study to review the laws and procedures regarding professional peer review in Hawaii.

Congress recently passed legislation entitled the Health Care Quality Improvement Act of 1986 (P.L. 99-660) in response to the increasing occurrence of medical malpractice and the need to improve the quality of medical care throughout the country. In passing this Act, Congress expressed the position that malpractice could be effectively remedied through effective professional peer review if not for the fact that the threat of liability under federal law discourages physicians from participating. P.L. 99-660 is intended to correct this problem by providing incentives and protection for physicians engaging in effective professional peer review programs at the local and state levels.

Your Committee received testimony from the Hawaii Medical Association, the Department of Commerce and Consumer Affairs, the Department of Health, Healthcare Association of Hawaii, and others and finds that a review of the laws and procedures relating to professional peer review would contribute to the over-all quality of health care services in Hawaii and would enable Hawaii to opt-in early to take advantage of the benefits offered through P.L. 99-660.

Because the study group which would be formed in response to this Resolution would consider many legal issues, your Committee finds that attorneys should be included as participants. Therefore, your Committee has amended the Resolution to include plaintiff and defense attorneys in the study group.

Your Committee on Consumer Protection and Commerce concurs with the intent of S.R. No. 48, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 48, S.D.1.

Signed by all members of the Committee except Senators Fernandes Salling, B. Kobayashi and Kuroda.

SCRep. 1155 Ways and Means on Gov. Msg. No. 185

Recommending that the Senate advise and consent to the nominations to the Board of Taxation Review, First Taxation District (Oahu) of the following:

ADDIE LAMBERTH, for a term ending June 30, 1989; and

(DICK) ISOO OSHIMA and THEODORE (TED) O. TALBOTT, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1156 Ways and Means on Gov. Msg. No. 186

Recommending that the Senate advise and consent to the nomination of BRIAN J. IKAWA to the Board of Taxation Review, Third Taxation District (Hawaii), for a term ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1157 Ways and Means on Gov. Msg. No. 187

Recommending that the Senate advise and consent to the nomination of KAZUO SENDA to the Board of Taxation Review, Fourth Taxation District (Kauai), for a term ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1158 Ways and Means on Gov. Msg. No. 206

Recommending that the Senate advise and consent to the nominations to the Board of Taxation Review, Second Taxation District (Maui) of the following:

GLENN M. KOSAKA, for a term ending June 30, 1991; and

ROBERT S. OTA, for a term ending June 30, 1988.

Signed by all members of the Committee.

SCRep. 1159 Labor and Employment on H.B. No. 131

The purpose of this bill is to prohibit employers from charging job application fees.

Your Committee finds that some employers are charging fees of \$10 to \$15 to process job applications. If this practice becomes widespread, employers will be able to collect substantial sums from job applicants, and the unemployed may be put in the impossible position of not being able to afford applying for a job. Because such a practice is rife with potential for abuse and exploitation of job seekers, your Committee believes that it should be curtailed.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 131 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1160 Labor and Employment on H.B. No. 307

The purpose of this bill is to exclude from coverage under the public employment collective bargaining law, secretaries to top level managers and administrators who are also excluded from collective bargaining under Chapter 89, Hawaii Revised Statutes.

Your Committee finds that this bill will more clearly identify those positions that are intended to be excluded from collective bargaining coverage and thus will help to reduce misunderstanding and non-productive, costly disputes.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 307 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1161 Transportation on H.B. No. 1174

The purpose of this bill is to provide an exemption for Hawaii resident military personnel and their dependents to the two mail renewal limitation on Hawaii driver's licenses found in Section 287-107(g), Hawaii Revised Statutes.

Current statute allows only two consecutive driver's license renewals by mail. Many Hawaii residents who are in the armed forces, especially those who are career military personnel, are stationed away from Hawaii on official military orders during their designated renewal periods. Therefore, it is impossible for these individuals to be physically present to take the renewal test and required eye examination.

Your Committee finds that the addition of this provision will assist Hawaii resident military personnel and their immediate family in renewing their driver's licenses while stationed away from the State of Hawaii.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1174 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1162 Transportation on H.B. No. 1332

The purpose of this bill is to authorize the Department of Transportation to place a lien on an aircraft whose owners or operators have failed to pay fees for utilizing airport facilities and services. The bill also provides for due process procedures which must be complied with before the lien is enforced.

Your Committee notes that this bill is the companion to S.B. No. 1159 which was approved by the Senate and sent to the State House of Representatives on March 13, 1987.

Currently there is no statutory authority under the Hawaii Revised Statutes which allows the Department of Transportation to place a lien upon aircraft for the collection of delinquent fees owed to a state airport as a result of an aircraft's operation. These fees may include landing fees, parking fees, holding room use charges, or hangar rentals.

The Department of Transportation testified in support of this bill. In the past the Department has absorbed the losses for those debts it has been unable to collect. Your Committee finds that this bill would greatly aid in the collection of fees owed to the State by aircraft owners and operators.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 1332 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1163 Government Operations on S.C.R. No. 54

The purpose of this concurrent resolution is to recognize the town of Hanapepe, Kauai, as the "Bougainvillaea Capital of the State of Hawaii".

In addition, the concurrent resolution requests that Hawaii's congressional delegation assist in obtaining national recognition of Hanapepe as the Bougainvillaea capital of the United States of America.

Your Committee received testimony in support of the concurrent resolution from the Kauai County Council and the Main Street Hanapepe Project Manager. This year Hanapepe's Bougainvillaea Festival will be held in late May.

The testimony noted that this concurrent resolution will not only acknowledge a town's commitment to sharing the beauty of its bougainvillaea, but will also encourage the economic revitalization of Hanapepe - Kauai's "Biggest Little Town".

Your Committee on Government Operations concurs with the intent and purpose of S.C.R. No. 54 and recommends it adoption.

Signed by all members of the Committee.

SCRep. 1164 Government Operations on S.R. No. 67

The purpose of this resolution is to recognize the town of Hanapepe, Kauai, as the "Bougainvillaea Capital of the State of Hawaii".

In addition, the resolution requests that Hawaii's congressional delegation assist in obtaining national recognition of Hanapepe as the Bougainvillaea capital of the United States of America.

Your Committee received testimony in support of the resolution from the Kauai County Council and the Main Street Hanapepe Project Manager. This year Hanapepe's Bougainvillaea Festival will be held in late May.

The testimony noted that this resolution will not only acknowledge a town's commitment to sharing the beauty of its bougainvillaea, but will also encourage the economic revitalization of Hanapepe - Kauai's "Biggest Little Town".

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 67 and recommends it adoption.

Signed by all members of the Committee.

SCRep. 1165 Government Operations on S.C.R. No. 51

The purpose of this concurrent resolution is to request that the United States Office of Management and Budget consider the creation of a separate standard federal administrative region encompassing Hawaii and the territories and insular possessions of the Pacific.

Your Committee heard testimony in support of the concurrent resolution from the Department of Planning and Economic Development and the Pacific Basin Development Council. Testimony from the Department of Planning and Economic Development indicated

that the establishment of a regional office in Hawaii would provide greater federal focus and attention on Pacific island problems, issues and concerns.

In addition, your Committee finds that the creation of a separate region would increase the influence of federal agencies based in Hawaii with their parent agencies in Washington, D.C.

Your Committee on Government Operations concurs with the intent and purpose of S.C.R. No. 51 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1166 Government Operations on S.R. No. 51

The purpose of this resolution is to request that the United States Office of Management and Budget consider the creation of a separate standard federal administrative region encompassing Hawaii and the territories and insular possessions of the Pacific.

Your Committee heard testimony in support of the resolution from the Department of Planning and Economic Development and the Pacific Basin Development Council. Testimony from the Department of Planning and Economic Development indicated that the establishment of a regional office in Hawaii would provide greater federal focus and attention on Pacific island problems, issues and concerns.

In addition, your Committee finds that the creation of a separate region would increase the influence of federal agencies based in Hawaii with their parent agencies in Washington, D.C.

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 51 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1167 Planning and Environment on H.B. No. 374

The purpose of this bill is to provide the Director of the Office of Environmental Quality Control (OEQC) with the authority to adopt rules in accordance with Chapter 91, Hawaii Revised Statutes (HRS), for the purpose of implementing the mandated functions and duties of the OEQC.

Presently, Section 341-4, HRS, outlines the powers and duties of the Director of the OEQC but does not address the issue of the rule-making authority of the Director.

Your Committee received supporting testimony from the OEQC and finds that the Director should be delegated full rule-making authority as this is essential for implementation of Chapters 341 and 343D, HRS, relating to the environmental quality control and disclosure laws.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 374 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1168 Planning and Environment on H.B. No. 1028

The purpose of this bill is to transfer from the Environmental Council to the Office of Environmental Quality Control, the responsibility of making recommendations on the acceptability of environmental impact statements (EIS).

Under existing law, the Council may be asked by an agency to make a recommendation on the acceptability of an EIS. Chapter 343, Hawaii Revised Statutes, also designates the Council as the appeal body for a non-accepted EIS. Thus a conflict arises when the Council recommends an EIS to be non-acceptable and the applicant appeals the non-acceptance of that EIS to the Council. This bill would eliminate the conflict by placing the responsibility for recommendations with the Office of Environmental Quality Control. Further, your Committee finds that the Office, which presently makes recommendations of acceptability to the Governor with respect to agency actions which require an EIS, has the technical and review capability which make it the appropriate agency to make such recommendations.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 1028 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1169 (Joint) Tourism and Recreation and Transportation on S.C.R. No. 73

The purpose of this concurrent resolution is to request the Department of Transportation and Department of Planning and Economic Development to jointly consider Fort Armstrong as the location for the America's Cup berthing and headquarter facilities.

Your Committees have held a public hearing on this measure. Testimony has been unfavorable.

Your Committees, however, feel that the idea of locating the berthing and headquarters facilities of America's Cup syndicates at various, presently underutilized, portions of Honolulu Harbor may have merit. Therefore, the measure has been amended to reflect this intent. Your Committees intend to hold another public hearing on the amended concurrent resolution to determine if the concept is sound.

Your Committees on Tourism and Recreation and Transportation concur with the intent and purpose of S.C.R. No. 73 and recommends that it be recommitted to the Committees on Tourism and Recreation and Transportation for further consideration in the form attached hereto as S.C.R. No. 73, S.D. 1.

Signed by all members of the Committees except Senators Aki, Chang, Cobb, Holt, Kuroda, Menor, Yamasaki and Ikeda.

SCRep. 1170 (Joint) Tourism and Recreation and Transportation on S.R. No. 80

The purpose of this resolution is to request the Department of Transportation and Department of Planning and Economic Development to jointly consider Fort Armstrong as the location for the America's Cup berthing and headquarter facilities.

Your Committees have held a public hearing on this measure. Testimony has been unfavorable.

Your Committees, however, feel that the idea of locating the berthing and headquarters facilities of America's Cup syndicates at various, presently underutilized, portions of Honolulu Harbor may have merit. Therefore, the measure has been amended to reflect this intent. Your Committees intend to hold another public hearing on the amended resolution to determine if the concept is sound.

Your Committees on Tourism and Recreation and Transportation concur with the intent and purpose of S.R. No. 80 and recommends that it be recommitted to the Committees on Tourism and Recreation and Transportation for further consideration in the form attached hereto as S.R. No. 80, S.D. 1.

Signed by all members of the Committees except Senators Aki, Cobb, Kuroda, Menor, Yamasaki and Ikeda.

SCRep. 1171 Transportation on S.C.R. No. 7

The purpose of this concurrent resolution is to request the Department of Transportation to conduct a study of the feasibility of transferring jurisdiction over all state highways to the appropriate counties.

Your Committee has amended this concurrent resolution substantially to address a problem which is of significance to the County of Kauai and City and County of Honolulu. In recent days, a conflict between the County of Kauai and City and County of Honolulu has been publicized concerning the jurisdiction over Kaula Rock. An Attorney General's opinion has stated that Kaula Rock, because of an oversight in law, is under the jurisdiction of the City and County of Honolulu. Kaula Rock, however, has long been considered part of the County of Kauai, primarily because of proximity. Kaula Rock is only twenty-one miles from Niihau, but approximately one hundred fifty miles from Oahu. Thus, your Committee has amended the measure to establish legislative support for the contention that Kaula Rock is under the jurisdiction of the County of Kauai. Your Committee feels that the legislative statement is necessary during this session in order to convey a message that the City and County of Honolulu should refrain from exercising any controls over Kaula Rock.

The action taken by your Committee in amending this measure is acknowledged as extraordinary and a deviation from standard procedure. But, because of the importance and relative urgency of the issue and the lack of avenues available at this late date to more

appropriately address the problem, your Committee feels that its action is justified. Your Committee recognizes that the Committee on Government Operations rightly should have consideration of the amended measure. For this reason, your Committee has chosen to utilize as a vehicle the only concurrent resolution which has a subsequent referral to the Committee on Government Operations.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 7, as amended herein, and recommends that it be referred to the Committee on Government Operations, in the form attached hereto as S.C.R. No. 7, S.D. 1.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1172 Transportation on S.R. No. 11

The purpose of this resolution is to request the Department of Transportation to conduct a study of the feasibility of transferring jurisdiction over all state highways to the appropriate counties.

Your Committee has amended this resolution substantially to address a problem which is of significance to the County of Kauai and City and County of Honolulu. In recent days, a conflict between the County of Kauai and City and County of Honolulu has been publicized concerning the jurisdiction over Kaula Rock. An Attorney General's opinion has stated that Kaula Rock, because of an oversight in law, is under the jurisdiction of the City and County of Honolulu. Kaula Rock, however, has long been considered part of the County of Kauai, primarily because of proximity. Kaula Rock is only twenty-one miles from Niihau, but approximately one hundred fifty miles from Oahu. Thus, your Committee has amended the measure to establish legislative support for the contention that Kaula Rock is under the jurisdiction of the County of Kauai. Your Committee feels that the legislative statement is necessary during this session in order to convey a message that the City and County of Honolulu should refrain from exercising any controls over Kaula Rock.

The action taken by your Committee in amending this measure is acknowledged as extraordinary and a deviation from standard procedure. But, because of the importance and relative urgency of the issue and the lack of avenues available at this late date to more appropriately address the problem, your Committee feels that its action is justified. Your Committee recognizes that the Committee on Government Operations rightly should have consideration of the amended measure. For this reason, your Committee has chosen to utilize as a vehicle the only resolution which has a subsequent referral to the Committee on Government Operations.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 11, as amended herein, and recommends that it be referred to the Committee on Government Operations, in the form attached hereto as S.R. No. 11, S.D. 1.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1173 Consumer Protection and Commerce on S.C.R. No. 21

The purpose of this concurrent resolution was to request the Hawaii Association of Realtors to amend their "Deposit, Receipt, Offer and Acceptance" (D.R.O.A.) form to provide for notice of the existence of a surrender or reversion clause in a leasehold real estate transaction.

Currently, it is a common practice to include a reversionary clause or surrender clause in leasehold apartment sales contracts. Such clauses specify that the property, including all improvements on the land such as buildings, roads, landscaping, utility lines, etc., must be surrendered and turned over to the landowner at the end of the lease period, which is usually in the range of fifty to sixty years.

Your Committee received testimony in support of the concurrent resolution from the Hawaii Independent Condominium and Cooperatives Owners Association, Inc. (HICCO), and the Real Estate Commission. HICCO stated that recent surveys indicate a large majority of the leaseholders of apartment units in Hawaii have not been aware or have not realized the significance of the existence of reversionary or surrender clauses in their leasehold contracts, and have believed that they were leasing the land, but held title to the property improvements that had been constructed on the land. The Real Estate Commission believes that the inclusion of a surrender or reversion clause in the standard D.R.O.A. form will provide notice for most of the real estate sales transactions in Hawaii, including those through real estate licensees as well as sales by owners.

Your Committee, upon consideration of the testimony, has amended this concurrent

resolution to indicate:

- 1) That the Hawaii Association of Realtors is requested to amend its property condition and listing agreement forms, as well as its D.R.O.A. form, to include notice of surrender or reversionary clauses;
- 2) That the surrender clause on all forms be highlighted in bold-face print; and
- 3) That in the case of the D.R.O.A. form, a "yes" or "no" check space be included, specifically stating: "Is there a surrender clause? Yes ___ No ___".

Your Committee has further amended the concurrent resolution by making technical changes which have no substantive effect.

Your Committee on Consumer Protection and Commerce 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. No. 21, S.D. 1.

Signed by all members of the Committee except Senators Chang and Matsuura.

SCRep. 1174

Consumer Protection and Commerce on S.R. No. 25

The purpose of this resolution was to request the Hawaii Association of Realtors to amend their "Deposit, Receipt, Offer and Acceptance" (D.R.O.A.) form to provide for notice of the existence of a surrender or reversion clause in a leasehold real estate transaction.

Currently, it is a common practice to include a reversionary clause or surrender clause in leasehold apartment sales contracts. Such clauses specify that the property, including all improvements on the land such as buildings, roads, landscaping, utility lines, etc., must be surrendered and turned over to the landowner at the end of the lease period, which is usually in the range of fifty to sixty years.

Your Committee received testimony in support of the resolution from the Hawaii Independent Condominium and Cooperatives Owners Association, Inc. (HICCO), and the Real Estate Commission. HICCO stated that recent surveys indicate a large majority of the leaseholders of apartment units in Hawaii have not been aware or have not realized the significance of the existence of reversionary or surrender clauses in their leasehold contracts, and have believed that they were leasing the land, but held title to the property improvements that had been constructed on the land. The Real Estate Commission believes that the inclusion of a surrender or reversion clause in the standard D.R.O.A. form will provide notice for most of the real estate sales transactions in Hawaii, including those through real estate licensees as well as sales by owners.

Your Committee, upon consideration of the testimony, has amended this resolution to indicate:

- 1) That the Hawaii Association of Realtors is requested to amend its property condition and listing agreement forms, as well as its D.R.O.A. form, to include notice of surrender or reversionary clauses;
- 2) That the surrender clause on all forms be highlighted in bold-face print; and
- 3) That in the case of the D.R.O.A. form, a "yes" or "no" check space be included, specifically stating: "Is there a surrender clause? Yes ___ No ___".

Your Committee has further amended the resolution by making technical changes which have no substantive effect.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.R. No. 25, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 25, S.D. 1.

Signed by all members of the Committee except Senator Matsuura.

SCRep. 1175

Culture, Arts and Historic Preservation on S.C.R. No. 66

The purpose of this concurrent resolution is to request the Department of Planning and Economic Development (DPED) to conduct a study to evaluate the feasibility of increasing public use and access of Leahi by developing a golf course within the crater of Diamond Head.

Your Committee heard testimony from the Outdoor Circle which expressed concern for the preservation of the visible outer slopes of Diamond Head. Your Committee finds that S.C.R. No. 17 and H.C.R. No. 100 addresses their concerns.

Critics have stated that only a few will benefit by the development of a golf facility. Your Committee, however, believes that even a fewer number would benefit should Diamond Head be left in its natural state. The development of a golf facility would beautify the interior of the crater with a lush, green, eye-pleasing environment.

Upon consideration of the testimony received, your Committee has amended the concurrent resolution as follows:

- (1) Changed the agency conducting the study from the Department of Planning and Economic Development to the Legislative Reference Bureau. DPED testified that the study should be done by the Department of Land and Natural Resources since Diamond Head is under their jurisdiction. Your Committee decided that the Legislative Reference Bureau, a neutral body, should conduct the study;
- (2) Deleted the "Whereas" paragraph that made reference to the Ala Wai Golf Course. Your Committee believes that a proposal for a Diamond Head Golf Course should be considered on the basis of satisfying the demands of resident golfers rather than anticipating the outcome of the controversy relating to the Ala Wai municipal golf course;
- (3) Added a new "Whereas" paragraph to read:

"WHEREAS, the interior of Leahi should be beautified and the desire to keep it in a 'natural state' should not preclude the development of active recreation;" and

- (4) Added the following phrase to the sixth "Whereas" paragraph of the concurrent resolution as amended:

"which will provide an additional golfing site within city limits;"

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of S.C.R. No. 66, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 66, S.D. 1.

Signed by all members of the Committee except Senator Hee.

SCRep. 1176

Military and Civil Defense on S.R. No. 42

The purpose of this Resolution is to request the President of the Senate to appoint the Senate Committee on Military and Civil Defense to conduct a land use review of all military properties in Hawaii.

According to the State of Hawaii DATA BOOK, 1986, the federal government owns approximately 721,324.2 acres of land in the State of Hawaii, making it the largest land holding entity in Hawaii. Your Committee finds that some of this land is marginally utilized, or deemed "surplus" by the federal government, especially those under the jurisdiction of the military.

The Admiral of the U.S. Navy testified that the appearance of certain land holdings being underutilized by the military may be deceiving. Some of the valid reasons why the military does not develop and build on certain areas are because:

- (1) Some of the land falls within explosive safety arcs or airport safety and noise zones that prohibit development;
- (2) Some areas are programmed for future construction as part of the individual services' master plans; and
- (3) Certain areas are prohibited from traditional use for security reasons.

Further, the process in which lands are classified as "surplus" is a lengthy one, sometimes taking three to four years before the land is officially declared "surplus".

Your Committee believes that it is in the best interest of the people of Hawaii that all government properties, whether federal, state or county land, should be utilized to benefit the citizens of this State.

This Resolution will enable the Senate Committee on Military and Civil Defense to do a general review of the current land uses of all Hawaii properties owned or leased by the federal government, especially military properties, in hopes of mitigating the impending scarcity of lands available for public use in Hawaii.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.R. No. 42 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1177 Consumer Protection and Commerce on Gov. Msg. Nos. 151, 152, 153, 154, 155, 156, 157 and 159

Recommending that the Senate advise and consent to the nominations of the following:

VICTOR J. ELIZALDE to the Board of Barbers, for a term ending June 30, 1991;

BENNY C. RODRIGUES to the Boxing Commission, for a term ending June 30, 1990;

NATHALIE DAVIES TUCKER, D.C., to the Board of Chiropractic Examiners, for a term ending June 30, 1991;

JOAN L. HALE to the Board of Cosmetology, for a term ending June 30, 1988;

CONNIE Y. FONG to the Board of Cosmetology, for a term ending June 30, 1991;

MILTON Y. MIGITA to the Board of Cosmetology, for a term ending June 30, 1990;

MILTON W. Y. LUM, LESLIE YAKA and THOMAS F. SEU to the Credit Union Review Board, for terms ending June 30, 1991;

JOSEPH KAOHU REFF, WAYNE MATSUMOTO and DAVE M. TAMURA to the Board of Electricians and Plumbers, for terms ending June 30, 1991;

LAWRENCE S. SAKAMOTO and GLENN KENJI SHIBATA to the Elevator Mechanics Licensing Board, for terms ending June 30, 1991; and

DAVID DELUZ and SHOZO SATO to the Motor Vehicle Industry Licensing Board, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1178 Business Development and Pacific Relations on S.R. No. 34

The purpose of this resolution is to authorize an interim Senate Committee to conduct a study on establishing a spaceport in Hawaii.

Hawaii has the potential to develop an international space center. The State's relatively isolated location near the equator would facilitate the launching of satellites in equatorial orbits, and the consistently warm weather would also minimize cold-weather launch problems. Potential spaceport users would also be attracted to Hawaii because of existing cultural, educational, industrial, and communication facilities.

Your Committee received supporting testimony from the Director of Planning and Economic Development, the Economic Development Corporation of Honolulu, and the Economic Development Council, and finds that the establishment of a space industry would further a number of state objectives. The development of new, technology-oriented industry would diversify Hawaii's economic base, and new employment opportunities would be created, especially for students in technical fields. Also, the University of Hawaii, as the nearest institution of higher education, would benefit from the emergence of space-related activities.

Your Committee also notes that the Department of Planning and Economic Development has recently contracted with Arthur D. Little, Inc. to conduct a feasibility study of Hawaii's potential in space technology. Therefore, since one of the tasks assigned to the Senate by this resolution is already being competently addressed, your Committee has amended the resolution by deleting the request for a feasibility study and instead requesting the Senate to assess the Department's study, determine the potential benefits and adverse effects of a space launch center in Hawaii, inquire into private sector interest in the development and use of a space launch center, and review existing space centers in the United States.

Your Committee believes that legislative oversight would complement the efforts of the Department and would assure that all the ramifications of this issue, including concerns regarding possible adverse environmental and social impacts of a space launch center, and the degree of private sector commitment to the project, would be considered.

Your Committee has further amended this resolution by rewording the title to reflect the purpose and by making nonsubstantive language changes for the purposes of clarity and style.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.R. No. 34, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as S.R. No. 34, S.D. 1.

Signed by all members of the Committee.

SCRep. 1179 (Joint) Military and Civil Defense and Housing, Hawaiian Programs and Natural Resources on S.C.R. No. 173

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources (DLNR) to initiate condemnation proceedings on parcels of land located in central Oahu for the development of a veterans cemetery and a public memorial for veterans.

Currently Punchbowl, the only national cemetery for the Pacific Region, is reaching its capacity for casket burials. Further, no new national cemeteries will be authorized under the current federal administration. Hawaii's veterans must either chose to be buried at the closest regional national cemeteries in California or Oregon, or be buried at a private cemetery in Hawaii at their own expense.

The federal government is currently providing grants-in-aid for the establishment, expansion and improvement of veterans cemeteries. Also, Section 363-4, Hawaii Revised Statutes, provides the DLNR the authority to acquire land by exchange, purchase or condemnation, suitable for the establishment of a veterans cemetery.

Your Committees are aware of the urgent need to find a suitable site for the development of a state veterans cemetery in order to apply for the necessary matching federal funds by September 30th, 1987. This concurrent resolution specifically identifies land in central Oahu which may be suitable for the development of this cemetery.

Your Committees find that by requesting the DLNR to initiate condemnation proceedings so that the State may acquire these parcels of land, application for the matching federal funds may commence soon thereafter. Further, the creation of a position within the DLNR to be responsible for filing the necessary applications for the federal funding and to follow through with the plans for the development for the veterans cemetery is in the best interest of this project.

Your Committees have amended this concurrent resolution by deleting the words "in central" in the title and the sixth paragraph on page 2, and substituting the word "on", to make reference to land found "on Oahu" rather than "in central Oahu".

Your Committees on Military and Civil Defense and Housing, Hawaiian Programs and Natural Resources concur with the intent and purpose of S.C.R. No. 173, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 173, S.D. 1.

Signed by all members of the Committees except Senators Solomon, Cobb, Fernandes Salling, Hagino, Matsuura, McMurdo and Mizuguchi.

SCRep. 1180 Military and Civil Defense on S.C.R. No. 26

The purpose of this Concurrent Resolution is to request the Governor and Hawaii's congressional delegation to take action to exempt the Pearl Harbor Naval Shipyard from the federal government's new policy of requiring competitive bidding among Naval shipyards for major overhauls and other important ship repair jobs.

Under a new federal government policy, as of February 1, 1988 all "new threat update" overhauls are to go out for competitive bid. This policy will have a major impact on the Pearl Harbor Naval Shipyard, which would not be able to compete on an even basis with Mainland shipyards because of the higher costs of labor and materials here. This policy would also cause a large-scale dislocation of Hawaii's civilian workers employed by the Naval Shipyard.

Further, the scheduled overhaul of the USS Worden at the Pearl Harbor Naval Shipyard in August of 1988 may be affected by this policy, also influencing the retention of jobs.

Your Committee finds that because of Hawaii's strategic location, the Pearl Harbor Naval Shipyard is of extreme importance to the defense of our country. Maintaining a strong and proficient facility in the Pacific should be the most compelling reason for the Navy and for Congress to exempt the Pearl Harbor Naval Shipyard from the new competitive bidding policy, and to keep the USS Worden overhaul at the Pearl Harbor Naval Shipyard.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.C.R. No. 26 and recommends its adoption.

Signed by all members of the Committee except Senators Cobb and Henderson.

SCRep. 1181 Judiciary on Gov. Msg. No. 93

Recommending that the Senate advise and consent to the nomination of WARREN PRICE III, as Attorney General, for a term ending December 3, 1990.

Signed by all members of the Committee.

SCRep. 1182 Health on Gov. Msg. Nos. 170, 171, 172, 173, 174, 175, 176, 177, 178, 192, 193, 194, 195, 196, 197 and 198

Recommending that the Senate advise and consent to the nominations of the following:

RALPH M. BEDDOW, M.D., PATRICIA ANN ROBERTI and ROSALINA S. DOMONDON to the Board of Health, for terms ending June 30, 1991;

BENJAMIN Y. K. CHOCK, EILEEN S. WACHI and JOHN JACOB ING to the Advisory Commission on Drug Abuse and Controlled Substances, for terms ending June 30, 1991;

LIBBY OSHIYAMA and MARTHA TORNEY to the Advisory Commission on Drug Abuse and Controlled Substances, for terms ending June 30, 1988;

Reverend RICHARD S. UEJO to the Advisory Commission on Drug Abuse and Controlled Substances, for a term ending June 30, 1989;

MILES T. NAKATSU to the Drug Product Selection Board, for a term ending June 30, 1989;

JO-ANN BONAWITZ to the Commission on the Handicapped, for a term ending June 30, 1988;

GERALD ISOBE, MARK OBATAKE and MILLICENT L. K. ROGERS to the Commission on the Handicapped, for terms ending June 30, 1991;

JOJI NOUCHI, JONATHAN RAYMOND, Ph.D., ROSALIE KASABA, RONALD T. HAYASHI, LELAND M. YAGI and AKIRA OMONAKA to the Statewide Health Coordinating Council, for terms ending June 30, 1991;

MILDRED MOSHER, YVONNE LEITHEAD, AMY F. HAMANE, CAROL ANN KALAAU and CRAIG Y. SHIKUMA, M.D., to the Hawaii County Subarea Health Planning Council, for terms ending June 30, 1991;

LILY KONG to the Hawaii County Subarea Health Planning Council, for a term ending June 30, 1988;

NEAL N. TAMURA, D.D.S., and FRED A. PRITCHARD to the County Hospital Management Advisory Committee - City and County of Honolulu Hospital System, for terms ending June 30, 1991;

RODOLFO V. RAMOS to the County Hospital Management Advisory Committee - City and County of Honolulu Hospital System, for a term ending June 30, 1989;

VIOLA M. WATSON and CLIFTON K. TSUJI to the County Hospital Management Advisory Committee - Hawaii County Hospital System, for terms ending June 30, 1991;

ROBERT L. MAY, M.D., to the Board of Radiologic Technologists, for a term ending June 30, 1991;

LYNN NAOMI FALLIN, MASAE SUGAI, LOIS A. SUGAI and NORINA L. AIONA to the Child Abuse and Neglect Secondary Prevention Advisory Committee, for terms ending June 30, 1990;

MARGARET G. SMITH to the Child Abuse and Neglect Secondary Prevention Advisory Committee, for a term ending June 30, 1989;

OWEN C. KAUAHI to the Advisory Commission on Drug Abuse and Controlled Substances, for a term ending June 30, 1991;

DOUGLAS M. ROGERS, M.D., JAMES S. MAEDA and VINCENT H. S. LEE to the State Emergency Medical Services Advisory Committee, for terms ending June 30, 1991;

MARVIN M. SANEMITSU to the Commission on the Handicapped, for a term ending June 30, 1989;

ROMEO CABERTO, SHIRLEY H. KODANI, STEPHANIE L. HIGA, FREDERICK "SKIP" BURKLE and TONY KRIEG to the Maui County Subarea Health Planning Council, for terms ending June 30, 1991;

GARY ROBERT and CAROL O'MALLEY to the Maui County Subarea Health Planning Council, for terms ending June 30, 1988;

DONALD K. MATSUI, WAYNE M. T. LU and MARY E. PURDY to the County Hospital Management Advisory Committee, Maui County Hospital System, for terms ending June 30, 1991; and

JOHN F. McDERMOTT JR., M.D., JOHN F. MORTON, VICTORIA R. ZALESKI, GRACE IMURA-KOTANI and DUANE D. WALKER to the State Council on Mental Health and Substance Abuse, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1183

Government Operations on S.C.R. No. 36

The purpose of this concurrent resolution is to call for a study to consider the various forms of government that might be employed on the island of Molokai to allow the people of Molokai to be directly involved in decisions affecting their community.

Favorable testimony was heard by your Committee on this concurrent resolution from more than a dozen Molokai residents, the Department of Planning and Economic Development, the Molokai Farm Bureau, the Molokai Economic Justice Council, the Molokai Community Service Council, Mediation Services of Molokai, the Statewide Human Services Action Council and a University of Hawaii professor of social work familiar with the Molokai community.

Your Committee heard testimony that there is an increasing sense of discontent and resentment among people of Molokai over what is perceived as a "big brother" relationship between the Maui County government and the people of Molokai. There is a strong desire to transcend that relationship. As one Molokai resident testified before your Committee, "Molokai has its own unique identity, problems, and features. It has a strong sense of community and ohana. It is deserving of the opportunity to be a full voting partner in determining its directions and destiny...An extremely important part of this is the capacity to govern ourselves to a greater extent than we do now. I see this as a patriotic uprising from folks who believe in working within the political system to make Molokai the best possible place for us to live, work and raise our families."

Your Committee also heard testimony that while there is continuing debate as to precisely which form of government would be best for Molokai, there is unanimous opinion that some form of government which allows Molokai residents a more direct role in decision making is essential. Your Committee further learned that many people on Molokai have done considerable research in this area, have been in communication with legislators and others on the mainland involved in similar activity, and have material and talent to contribute to this study. It is envisioned that this study would be conducted by the State in close coordination with Molokai residents.

Your Committee finds that there is strong sentiment among the residents of Molokai that some alternative form of government would better serve Molokai's needs. Your Committee finds that the proposed study has merit both in terms of analyzing what, if any, alternative form of government would be feasible for Molokai and also to finally put to rest what may be the most frequently debated topic on the island.

Your Committee further finds that this issue is important enough that your Committee itself would be the most appropriate body to conduct the study. Accordingly, the title and "Be It Resolved" clause of this concurrent resolution has been amended to change the body responsible

for conducting the study from the Department of Planning and Economic Development to your Committee on Government Operations.

Your Committee on Government Operations concurs with the intent and purpose of S.C.R. No. 36, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 36, S.D. 1.

Signed by all members of the Committee.

SCRep. 1184 Government Operations on S.R. No. 47

The purpose of this resolution is to call for a study to consider the various forms of government that might be employed on the island of Molokai to allow the people of Molokai to be directly involved in decisions affecting their community.

Favorable testimony was heard by your Committee on this resolution from more than a dozen Molokai residents, the Department of Planning and Economic Development, the Molokai Farm Bureau, the Molokai Economic Justice Council, the Molokai Community Service Council, Mediation Services of Molokai, the Statewide Human Services Action Council and a University of Hawaii professor of social work familiar with the Molokai community.

Your Committee heard testimony that there is an increasing sense of discontent and resentment among people of Molokai over what is perceived as a "big brother" relationship between the Maui County government and the people of Molokai. There is a strong desire to transcend that relationship. As one Molokai resident testified before your Committee, "Molokai has its own unique identity, problems, and features. It has a strong sense of community and ohana. It is deserving of the opportunity to be a full voting partner in determining its directions and destiny...An extremely important part of this is the capacity to govern ourselves to a greater extent than we do now. I see this as a patriotic uprising from folks who believe in working within the political system to make Molokai the best possible place for us to live, work and raise our families."

Your Committee also heard testimony that while there is continuing debate as to precisely which form of government would be best for Molokai, there is unanimous opinion that some form of government which allows Molokai residents a more direct role in decision making is essential. Your Committee further learned that many people on Molokai have done considerable research in this area, have been in communication with legislators and others on the mainland involved in similar activity, and have material and talent to contribute to this study. It is envisioned that this study would be conducted by the state in close coordination with Molokai residents.

Your Committee finds that there is strong sentiment among the residents of Molokai that some alternative form of government would better serve Molokai's needs. Your Committee finds that the proposed study has merit both in terms of analyzing what, if any, alternative form of government would be feasible for Molokai and also to finally put to rest what may be the most frequently debated topic on the island.

Your Committee further finds that this issue is important enough that your Committee itself would be the most appropriate body to conduct the study. Accordingly, the title and Be It Resolved clause of this resolution have been amended to change the body responsible for conducting the study from the Department of Planning and Economic Development to your Committee on Government Operations.

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 47, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as S.R. No. 47, S.D. 1.

Signed by all members of the Committee.

SCRep. 1185 Culture, Arts and Historic Preservation on S.C.R. No. 56

The purpose of this concurrent resolution is to request the Legislative Reference Bureau (LRB) to conduct a feasibility study on designating the Bernice P. Bishop Museum as the State Museum for Natural and Cultural History.

The study will also include an evaluation of financial assistance through a line item appropriation from the general revenues of the State and the consideration of acquiring Bishop Museum real estate properties that are of cultural and historical significance to the people of Hawaii.

The Bernice P. Bishop Museum houses an extensive collection of natural history and Hawaiian and Polynesian artifacts in addition to numerous volumes of resource materials relating to the Pacific. The collections are rare, irreplaceable assets which increase in value and are essential to our understanding of Hawaii's past, present and future. Scientific research is also conducted to study Pacific animals, plants and cultures.

The Bernice P. Bishop Museum has served the islands of the Pacific for the past 97 years. The people of Hawaii have benefitted through participation in the diverse programs offered and State agencies and departments have been supported by the results of research conducted.

Your Committee received supporting testimony from the Bernice P. Bishop Museum and the Sierra Club and finds that further qualitative and quantitative development of the Museum's services, to meet the increasing needs of the public, are possible only with the influx of additional revenue support on a regular and predictable basis. The museum is now operating at the uppermost limits of its financial capability.

Your Committee on Culture, Arts and Historic preservation concurs with the intent and purpose of S.C.R. No. 56 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1186 Culture, Arts and Historic Preservation on S.R. No. 69

The purpose of this resolution is to request the Legislative Reference Bureau (LRB) to conduct a feasibility study on designating the Bernice P. Bishop Museum as the State Museum for Natural and Cultural History.

The Study will also include an evaluation of financial assistance through a line item appropriation from the general revenues of the State and the consideration of acquiring Bishop Museum real estate properties that are of cultural and historical significance to the people of Hawaii.

The Bernice P. Bishop Museum houses an extensive collection of natural history and Hawaiian and Polynesian artifacts in addition to numerous volumes of resource materials relating to the Pacific. The collections are rare, irreplaceable assets which increase in value and are essential to our understanding of Hawaii's past, present and future. Scientific research is also conducted to study Pacific animals, plants and cultures.

The Bernice P. Bishop Museum has served the islands of the Pacific for the past 97 years. The people of Hawaii have benefitted through participation in the diverse programs offered and State agencies and departments have been supported by the results of research conducted.

Your Committee received supporting testimony from the Bernice P. Bishop Museum and the Sierra Club and finds that further qualitative and quantitative development of the Museum's services, to meet the increasing needs of the public, are possible only with the influx of additional revenue support on a regular and predictable basis. The museum is now operating at the uppermost limits of its financial capability.

Your Committee on Culture, Arts and Historic preservation concurs with the intent and purpose of S.R. No. 69 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1187 (Joint) Corrections and Labor and Employment on S.C.R. No. 172

The purpose of this concurrent resolution is to request the Conference of Personnel Directors to review and consider the feasibility of pricing the correctional officer series at a higher level and its effect on improving the quality of correctional officers.

This concurrent resolution has been introduced in response to the well-recognized problem of the State's inability to attract and retain a sufficient number of high quality, properly motivated corrections officers. The demands and stress of the job, apparently, intimidate prospective recruits and cause many corrections officers to leave for less onerous employment. This measure is an attempt to alleviate the problem by requesting action which could lead to higher salaries for corrections officers. Your Committees feel that higher salaries may compensate, at least partially, for the excessively distasteful and burdensome aspects of the job and thus, serve as an incentive for persons to accept or remain in employment as corrections officers.

The Director of Social Services and United Public Workers Union have testified in favor of this measure. The Director of Personnel Services, who chairs the Conference of Personnel Directors, has indicated in testimony that the request for repricing will be considered seriously by the Conference.

Although the major focus of this measure is in the increase of salary levels to serve as an incentive for the attraction and retention of corrections officers, testimony before your Committees supports a contention that corrections officers are presently underpaid relative to their responsibilities and duties. Mr. Tom Murton, a noted criminologist, has testified that the salary levels of Hawaii's corrections officers appear to be lower than the levels of officers of other states. The Director of Social Services has indicated that corrections officers and police officers at the journeyman level must meet the same educational and experience requirements and perform similar duties. Yet, police officers are assigned to a salary range higher than the range of corrections officers. Your Committees feel that these testimonies are added justification for favorable action on this measure.

Your Committees have made the following amendments to this concurrent resolution:

- (1) A new "Whereas" paragraph has been inserted to note that the salary levels of Hawaii's corrections officers appear to be less than the levels of corrections officers of other states.
- (2) The actions requested of the Conference of Personnel Directors have been reworded. The Conference is requested to consider the feasibility of pricing the correctional officer series at "higher salary ranges", rather than at "a higher level". The language in the concurrent resolution, as received, in the second "Resolved" paragraph beginning with "in" and ending with "schedule" has been replaced by "to improve salary range assignments". These amendments more accurately reflect the actions which the Conference may take. The title of this concurrent resolution has been changed accordingly.
- (3) A new "Resolved" paragraph has been added requesting the Conference in the repricing review to consider the salary levels of corrections officers performing comparable work in other states, equivalence of the duties and responsibilities of corrections officers with those of police officers, and incentives necessary to attract and retain high quality corrections officers. Your Committees feel that these factors are of great importance in establishing the appropriate salary levels for corrections officers. Your Committees also find that the Conference of Personnel Directors has sufficiently broad authority to consider these factors during the repricing review.
- (4) Another new "Resolved" paragraph has been added to request the Governor to provide input and assistance necessary to achieve the repricing. Since the Director of Personnel Services and the correctional system are part of the executive branch, your Committees feel that the Governor should be involved in the process.
- (5) The transmittal paragraph has been amended to send this concurrent resolution to the Governor and, if a Department of Corrections is established during the Regular Session of 1987, to the Director of Corrections.

Your Committees on Corrections and Labor and Employment concur with the intent and purpose of S.C.R. No. 172, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 172, S.D. 1.

Signed by all members of the Committees.

SCRep. 1188

(Joint) Corrections and Labor and Employment on S.R. No. 185

The purpose of this resolution is to request the Conference of Personnel Directors to review and consider the feasibility of pricing the correctional officer series at a higher level and its effect on improving the quality of correctional officers.

This resolution has been introduced in response to the well-recognized problem of the State's inability to attract and retain a sufficient number of high quality, properly motivated corrections officers. The demands and stress of the job, apparently, intimidate prospective recruits and cause many corrections officers to leave for less onerous employment. This measure is an attempt to alleviate the problem by requesting action which could lead to higher salaries for corrections officers. Your Committees feel that higher salaries may compensate, at least partially, for the excessively distasteful and burdensome aspects of the job and thus, serve as an incentive for persons to accept or remain in employment as corrections officers.

The Director of Social Services and United Public Workers Union have testified in favor of this measure. The Director of Personnel Services, who chairs the Conference of Personnel Directors, has indicated in testimony that the request for repricing will be considered seriously by the Conference.

Although the major focus of this measure is in the increase of salary levels to serve as an incentive for the attraction and retention of corrections officers, testimony before your Committees supports a contention that corrections officers are presently underpaid relative to their responsibilities and duties. Mr. Tom Murton, a noted criminologist, has testified that the salary levels of Hawaii's corrections officers appear to be lower than the levels of officers of other states. The Director of Social Services has indicated that corrections officers and police officers at the journeyman level must meet the same educational and experience requirements and perform similar duties. Yet, police officers are assigned to a salary range higher than the range of corrections officers. Your Committees feel that these testimonies are added justification for favorable action on this measure.

Your Committees have made the following amendments to this resolution:

- (1) A new "Whereas" paragraph has been inserted to note that the salary levels of Hawaii's corrections officers appear to be less than the levels of corrections officers of other states.
- (2) The actions requested of the Conference of Personnel Directors have been reworded. The Conference is requested to consider the feasibility of pricing the correctional officer series at "higher salary ranges", rather than at "a higher level". The language in the resolution, as received, in the second "Resolved" paragraph beginning with "in" and ending with "schedule" has been replaced by "to improve salary range assignments". These amendments more accurately reflect the actions which the Conference may take. The title of this resolution has been changed accordingly.
- (3) A new "Resolved" paragraph has been added requesting the Conference in the repricing review to consider the salary levels of corrections officers performing comparable work in other states, equivalence of the duties and responsibilities of corrections officers with those of police officers, and incentives necessary to attract and retain high quality corrections officers. Your Committees feel that these factors are of great importance in establishing the appropriate salary levels for corrections officers. Your Committees also find that the Conference of Personnel Directors has sufficiently broad authority to consider these factors during the repricing review.
- (4) Another new "Resolved" paragraph has been added to request the Governor to provide input and assistance necessary to achieve the repricing. Since the Director of Personnel Services and the correctional system are part of the executive branch, your Committees feel that the Governor should be involved in the process.
- (5) The transmittal paragraph has been amended to send this resolution to the Governor and, if a Department of Corrections is established during the Regular Session of 1987, to the Director of Corrections.

Your Committees on Corrections and Labor and Employment concur with the intent and purpose of S.R. No. 185, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 185, S.D. 1.

Signed by all members of the Committees.

SCRep. 1189

Corrections on S.C.R. No. 171

The purpose of this concurrent resolution is to request the Legislative Auditor to conduct a management audit of the Corrections Division of the Department of Social Services and Housing.

The reasons for and intent of this measure are sufficiently set forth in its body. Your Committee, however, because of the importance of this measure, reiterates some of the more significant provisions.

Your Committee finds that a management audit of the Corrections Division is necessary because of strong indications of the existence of management problems, the acknowledged morale problems among adult corrections officers, the discovery of design and structural flaws at the Halawa medium security facility, and continued noncompliance with the implementation plans formulated under the Consent Decree between the American Civil Liberties Union and State of Hawaii. Your Committee further finds that the management audit will be helpful to

the administrators of the proposed Department of Corrections or, if not established during this session, the administrators of the Corrections Division to improve their management and operations of the correctional system. The audit also will be particularly useful to the Legislature during the next session in examining, and taking action to alleviate, deficiencies discovered and in evaluating the performance of appointed executive heads of the proposed Department of Corrections, if one is established.

Your Committee on Corrections concurs with the intent and purpose of S.C.R. No. 171 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1190 Corrections on S.R. No. 184

The purpose of this resolution is to request the Legislative Auditor to conduct a management audit of the Corrections Division of the Department of Social Services and Housing.

The reasons for and intent of this measure are sufficiently set forth in its body. Your Committee, however, because of the importance of this measure, reiterates some of the more significant provisions.

Your Committee finds that a management audit of the Corrections Division is necessary because of strong indications of the existence of management problems, the acknowledged morale problems among adult corrections officers, the discovery of design and structural flaws at the Halawa medium security facility, and continued noncompliance with the implementation plans formulated under the Consent Decree between the American Civil Liberties Union and State of Hawaii. Your Committee further finds that the management audit will be helpful to the administrators of the proposed Department of Corrections or, if not established during this session, the administrators of the Corrections Division to improve their management and operations of the correctional system. The audit also will be particularly useful to the Legislature during the next session in examining, and taking action to alleviate, deficiencies discovered and in evaluating the performance of appointed executive heads of the proposed Department of Corrections, if one is established.

Your Committee on Corrections concurs with the intent and purpose of S.R. No. 184 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1191 Corrections on S.C.R. No. 142

The purpose of this concurrent resolution is to request corrections officials of the Department of Social Services and Housing to develop a pilot study on implementing a low sugar and nutritionally sufficient, but not excessive, caloric dietary program for inmates.

Various correctional facilities throughout the nation have implemented dietary change programs, as discussed in *Diet, Crime and Delinquency* by Alexander Schauss. The facilities include the Morris County Jail Rehabilitation Center in New Jersey and the U.S. Naval Correctional Center in Seattle. Among the results from the programs have been the lessening of anti-social behavior from decrease of sugar consumption, cost savings from the use of nutritious, but less expensive, foods, and healthier inmates.

Both the Director of Social Services and Director of Health have testified in favor of this measure. The Director of Health has stated that a 1984 survey of the menus at the Hawaii Youth Correctional Facility indicated that the sugar content was higher than the recommended level. The Director of Health further has indicated that menus for inmates in Hawaii may be caloric excessive. Your Committee finds that the pilot study will lead to better diets for all inmates on a permanent basis.

Your Committee has made the following amendments to this concurrent resolution.

(1) At the request of the Director of Social Services, the phrase "in consultation with health officials" in the first "Resolved" paragraph has been replaced by "with the active support and assistance of the Department of Health". The title of this concurrent resolution has been changed similarly.

(2) The second "Resolved" paragraph has been amended to require the pilot study to include a ward education component. This amendment is made at the request of the Director of Social Services and is intended to curb potential disruptive behavior caused by the change in diet.

(3) The third "Resolved" paragraph has been amended to give the Department of Social Services and Housing the discretion of including in the study group inmates of the Women's Community Correctional Center, since the Hawaii Youth Correctional Facility and Women's Center share the same kitchen.

(4) A new "Resolved" paragraph has been added to request the Department of Corrections, if one is established during the Regular Session of 1987, to assume the activities of the Department of Social Services and Housing under this concurrent resolution. The transmittal paragraph has been amended accordingly.

Your Committee on Corrections concurs with the intent and purpose of S.C.R. No. 142, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 142, S.D. 1.

Signed by all members of the Committee.

SCRep. 1192 Corrections on S.R. No. 151

The purpose of this resolution is to request corrections officials of the Department of Social Services and Housing to develop a pilot study on implementing a low sugar and nutritionally sufficient, but not excessive, caloric dietary program for inmates.

Various correctional facilities throughout the nation have implemented dietary change programs, as discussed in Diet, Crime and Delinquency by Alexander Schauss. The facilities include the Morris County Jail Rehabilitation Center in New Jersey and the U.S. Naval Correctional Center in Seattle. Among the results from the programs have been the lessening of anti-social behavior from decrease of sugar consumption, cost savings from the use of nutritious, but less expensive, foods, and healthier inmates.

Both the Director of Social Services and Director of Health have testified in favor of this measure. The Director of Health has stated that a 1984 survey of the menus at the Hawaii Youth Correctional Facility indicated that the sugar content was higher than the recommended level. The Director of Health further has indicated that menus for inmates in Hawaii may be caloric excessive. Your Committee finds that the pilot study will lead to better diets for all inmates on a permanent basis.

Your Committee has made the following amendments to this resolution.

(1) At the request of the Director of Social Services, the phrase "in consultation with health officials" in the first "Resolved" paragraph has been replaced by "with the active support and assistance of the Department of Health". The title of this resolution has been changed similarly.

(2) The second "Resolved" paragraph has been amended to require the pilot study to include a ward education component. This amendment is made at the request of the Director of Social Services and is intended to curb potential disruptive behavior caused by the change in diet.

(3) The third "Resolved" paragraph has been amended to give the Department of Social Services and Housing the discretion of including in the study group inmates of the Women's Community Correctional Center, since the Hawaii Youth Correctional Facility and Women's Center share the same kitchen.

(4) A new "Resolved" paragraph has been added to request the Department of Corrections, if one is established during the Regular Session of 1987, to assume the activities of the Department of Social Services and Housing under this resolution. The transmittal paragraph has been amended accordingly.

Your Committee on Corrections concurs with the intent and purpose of S.R. No. 151, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 151, S.D. 1.

Signed by all members of the Committee.

SCRep. 1193 Corrections on S.C.R. No. 140

The purpose of this concurrent resolution is to urge the state administration to comply with the implementation plans of the panels of experts established under the Consent Decree between the American Civil Liberties Union and State of Hawaii in order to improve the conditions at the Oahu Community Correctional Center and Women's Community Correctional Center.

The measure sets forth sufficiently the history behind and reasons for legislative concern over this issue.

The Department of Social Services and Housing has testified in support of this measure and states that compliance with the mandates under the Consent Decree is a high priority. Of concern to your Committee, however, is the indication by the representative who testified on behalf of the Department that the State will not suffer sanctions so long as progress towards compliance is made, even if more deadlines are missed. Your Committee disagrees strongly with that view. It is not enough simply to make progress, in light of the fact that the State has not complied with numerous past deadlines and is in danger of not complying with upcoming deadlines.

Your Committee finds that good faith and public policy require the State to be in compliance with the implementation plans formulated pursuant to the Consent Decree. If the State does not, potential adverse consequences include the necessity for costly and time consuming relitigation in federal court and the imposition of severe court sanctions, such as the appointment of a master to assume jurisdiction of the subject correctional facilities or an order prohibiting the confinement of new inmates. Furthermore, the present programs, services, and management of the correctional system are deficient, and implementation of the plans will contribute greatly towards necessary improvements.

The Consent Decree, approved by the federal court and having the color of law, requires the State to comply with its directives. As a promulgator and enforcer of laws itself, the State has no choice but to comply with the letter and spirit of the Consent Decree. Your Committee finds that the Legislature has done as much as it can to achieve compliance. More than sufficient funding has been approved. Exhaustive and thorough legislative oversight has resulted in the gathering, through public hearings, of relevant information and suggestions to improve the correctional system, and in the communication of concerns to corrections officials. The extent of the Legislature's power, however, does not include day-to-day, detailed administration of the correctional system. Thus, the full responsibility for any future problems resulting from noncompliance with the implementation plans formulated pursuant to the Consent Decree must be borne by the state administration.

Your Committee has amended this concurrent resolution to require the progress report to be made by the Department of Corrections if one is established during this Regular Session, rather than the Department of Social Services and Housing. The transmittal paragraph has been amended accordingly.

Your Committee on Corrections concurs with the intent and purpose of S.C.R. No. 140, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 140, S.D. 1.

Signed by all members of the Committee.

SCRep. 1194

Corrections on S.R. No. 149

The purpose of this resolution is to urge the state administration to comply with the implementation plans of the panels of experts established under the Consent Decree between the American Civil Liberties Union and State of Hawaii in order to improve the conditions at the Oahu Community Correctional Center and Women's Community Correctional Center.

The measure sets forth sufficiently the history behind and reasons for legislative concern over this issue.

The Department of Social Services and Housing has testified in support of this measure and states that compliance with the mandates under the Consent Decree is a high priority. Of concern to your Committee, however, is the indication by the representative who testified on behalf of the Department that the State will not suffer sanctions so long as progress towards compliance is made, even if more deadlines are missed. Your Committee disagrees strongly with that view. It is not enough simply to make progress, in light of the fact that the State has not complied with numerous past deadlines and is in danger of not complying with upcoming deadlines.

Your Committee finds that good faith and public policy require the State to be in compliance with the implementation plans formulated pursuant to the Consent Decree. If the State does not, potential adverse consequences include the necessity for costly and time consuming relitigation in federal court and the imposition of severe court sanctions, such as the appointment of a master to assume jurisdiction of the subject correctional facilities or an order prohibiting the confinement of new inmates. Furthermore, the present programs, services, and management of the correctional system are deficient, and implementation of the plans will

contribute greatly towards necessary improvements.

The Consent Decree, approved by the federal court and having the color of law, requires the State to comply with its directives. As a promulgator and enforcer of laws itself, the State has no choice but to comply with the letter and spirit of the Consent Decree. Your Committee finds that the Legislature has done as much as it can to achieve compliance. More than sufficient funding has been approved. Exhaustive and thorough legislative oversight has resulted in the gathering, through public hearings, of relevant information and suggestions to improve the correctional system, and in the communication of concerns to corrections officials. The extent of the Legislature's power, however, does not include day-to-day, detailed administration of the correctional system. Thus, the full responsibility for any future problems resulting from noncompliance with the implementation plans formulated pursuant to the Consent Decree must be borne by the state administration.

Your Committee has amended this resolution to require the progress report to be made by the Department of Corrections if one is established during this Regular Session, rather than the Department of Social Services and Housing. The transmittal paragraph has been amended accordingly.

Your Committee on Corrections concurs with the intent and purpose of S.R. No. 149, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 149, S.D. 1.

Signed by all members of the Committee.

SCRep. 1195 (Majority) Consumer Protection and Commerce on S.C.R. No. 65

The purpose of this concurrent resolution was to request the Director of Measurement Standards, Department of Agriculture, to adopt rules requiring retail gasoline dealers to post the liter to gallon conversion price on both gas pumps and curb signs.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs which indicated that posting prices by the gallon would be beneficial in that Hawaii's consumers are more comfortable comparing prices by the gallon than by the liter.

Your Committee also received testimony from Wallace Amioka, who represented several petroleum companies. Mr. Amioka testified that while the companies agree with the intent of the concurrent resolution, they are opposed to the language which would require posting of both the liter and gallon price on curb signs. He further stated that the rules of the Division of Measurement Standards prohibit the sale of gasoline by the gallon when the unit price per U.S. petroleum gallon exceeds one dollar. Since the retail price of all grades of gasoline, when taxes are included, exceeds one dollar per gallon, retail dealers would be prohibited from selling by the gallon even if most of the dispensers in use today could be modified to price and deliver by the gallon.

Your Committee, after careful consideration of the testimony, finds that posting the price of gasoline by the gallon would be beneficial to consumers. Your Committee also finds that consumers should be afforded maximum exposure to gallonage prices and that dispensers should be entitled to sell by the gallon, regardless of the price. Therefore, your Committee has amended this concurrent resolution by requesting that the rules include provision for all outside advertising signs to list only the price per gallon for each grade of gasoline advertised, and by requesting the Department of Agriculture to amend its rules to allow gasoline to be sold by the gallon even if the price exceeds \$1 per gallon.

Your Committee has also amended the concurrent resolution by making a technical change which has no substantive effect.

Your Committee notes that current federal EPA regulations call for the phasing out of leaded gasoline for public consumption by January, 1988. It is the intent of your Committee that these proposed rule changes apply to the sale of leaded gasoline while it is still legally for sale, as well as to other grades, and that the term "regular" shall only apply to leaded gasoline, even after it is no longer available. This is to prevent the term "regular" from being used for unleaded gasoline which would cause confusion to gasoline consumers.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.C.R. No. 65, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 65, S.D. 1.

Signed by all members of the Committee except Senators B. Kobayashi, Matsuura and Nakasato.
Senator Chang did not concur.

SCRep. 1196

(Majority) Consumer Protection and Commerce on S.R. No. 78

The purpose of this resolution was to request the Director of Measurement Standards, Department of Agriculture, to adopt rules requiring retail gasoline dealers to post the liter to gallon conversion price on both gas pumps and curb signs.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs which indicated that posting prices by the gallon would be beneficial in that Hawaii's consumers are more comfortable comparing prices by the gallon than by the liter.

Your Committee also received testimony from Wallace Amioka, who represented several petroleum companies. Mr. Amioka testified that while the companies agree with the intent of the resolution, they are opposed to the language which would require posting of both the liter and gallon price on curb signs. He further stated that the rules of the Division of Measurement Standards prohibit the sale of gasoline by the gallon when the unit price per U.S. petroleum gallon exceeds one dollar. Since the retail price of all grades of gasoline, when taxes are included, exceeds one dollar per gallon, retail dealers would be prohibited from selling by the gallon even if most of the dispensers in use today could be modified to price and deliver by the gallon.

Your Committee, after careful consideration of the testimony, finds that posting the price of gasoline by the gallon would be beneficial to consumers. Your Committee also finds that consumers should be afforded maximum exposure to gallonage prices and that dispensers should be entitled to sell by the gallon, regardless of the price. Therefore, your Committee has amended this resolution by requesting that the rules include provision for all outside advertising signs to list only the price per gallon for each grade of gasoline advertised, and by requesting the Department of Agriculture to amend its rules to allow gasoline to be sold by the gallon even if the price exceeds \$1 per gallon.

Your Committee has also amended the resolution by making a technical change which has no substantive effect.

Your Committee notes that current federal EPA regulations call for the phasing out of leaded gasoline for public consumption by January, 1988. It is the intent of your Committee that these proposed rule changes apply to the sale of leaded gasoline while it is still legally for sale, as well as to other grades, and that the term "regular" shall only apply to leaded gasoline, even after it is no longer available. This is to prevent the term "regular" from being used for unleaded gasoline which would cause confusion to gasoline consumers.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.R. No. 78, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 78, S.D. 1.

Signed by all members of the Committee except Senators B. Kobayashi, Matsuura and Nakasato.

Senator Chang did not concur.

SCRep. 1197

Transportation on S.C.R. No. 31

The purpose of this concurrent resolution is to urge the state administration to take steps to call for a new motor vehicle license plate design and a new issue of such license plates.

Because the last issue of new and distinctive plates was in the year 1981, the safety reflective coating specification of 5 years has now been exceeded. Your Committee deems it an appropriate time to urge the state administration to take steps to call for a new motor vehicle license plate design and a new issue of such plates.

Your Committee has amended this concurrent resolution to ask that provisions be made for the issuance of special license plates for selected classes of distinguished military veterans. Other technical, nonsubstantive amendments have also been made.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 31, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 31, S.D. 1.

Signed by all members of the Committee.

SCRep. 1198

Transportation on S.R. No. 45

The purpose of this resolution is to urge the state administration to take steps to call for a

new motor vehicle license plate design and a new issue of such license plates.

Because the last issue of new and distinctive plates was in the year 1981, the safety reflective coating specification of 5 years has now been exceeded. Your Committee deems it an appropriate time to urge the state administration to take steps to call for a new motor vehicle license plate design and a new issue of such plates.

Your Committee has amended this resolution to ask that provisions be made for the issuance of special license plates for selected classes of distinguished military veterans. Other technical, nonsubstantive amendments have also been made.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 45, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 45, S.D. 1.

Signed by all members of the Committee.

SCRep. 1199 Transportation on S.C.R. No. 115

The purpose of this concurrent resolution is to request the Department of Transportation to erect a roadway sign to assist in directing motorists to the lei sellers and rental car returns at the Honolulu International Airport and then back to the main terminal and its parking area.

Your Committee finds that the lei sellers at Honolulu International Airport are a part of Hawaii's history which should be preserved. In addition, these individuals help to convey the cultural heritage of the Hawaiian people and offer a unique experience to visitors to the Hawaiian islands.

The recent improvements to the ramps and roadways at the Honolulu International Airport have bypassed the lei sellers and rental car returns by offering direct routes to the main terminal and its parking area from the freeway. This modernization has virtually cutoff those individuals departing the islands from the lei sellers by the unavailability of explicit signs which inform motorists of the possibilities of an alternative direction which may be taken to reach the departing terminal area.

Those individuals returning rented cars are assured passage back to the main terminal through the rental car agencies. However, those individuals wanting to purchase leis are not guaranteed the same assurance. Therefore, the erection of a new roadway sign located near the existing sign directing traffic to the lei sellers stands and rental car returns would offer this directional assistance so motorists may exit on the ramp way and be assured of a convenient alternative method of reaching the main terminal area and its parking area.

The effects of the modernization of the Honolulu International Airport have not been minimal. After over a year with the current new ramp way, the financial health of some lei sellers has been jeopardized by a ten to thirty per cent decrease in business.

Your Committee finds that every effort should be made to ensure the fiscal stability of this small industry at this airport and that these vendors should participate in making decisions concerning the directional sign.

Therefore, your Committee has amended this concurrent resolution to call for the establishment of an advisory committee to determine the placement and wording of the directional sign. The membership of the committee is to consist of representatives of lei seller stand operators and employees and representatives of the Airports Division, Department of Transportation.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 115, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 115, S.D. 1.

Signed by all members of the Committee.

SCRep. 1200 Transportation on S.R. No. 125

The purpose of this resolution is to request the Department of Transportation to erect a roadway sign to assist in directing motorists to the lei sellers and rental car returns at the Honolulu International Airport and then back to the main terminal and its parking area.

Your Committee finds that the lei sellers at Honolulu International Airport are a part of Hawaii's history which should be preserved. In addition, these individuals help to convey the

cultural heritage of the Hawaiian people and offer a unique experience to visitors to the Hawaiian islands.

The recent improvements to the ramps and roadways at the Honolulu International Airport have bypassed the lei sellers and rental car returns by offering direct routes to the main terminal and its parking area from the freeway. This modernization has virtually cutoff those individuals departing the islands from the lei sellers by the unavailability of explicit signs which inform motorists of the possibilities of an alternative direction which may be taken to reach the departing terminal area.

Those individuals returning rented cars are assured passage back to the main terminal through the rental car agencies. However, those individuals wanting to purchase leis are not guaranteed the same assurance. Therefore, the erection of a new roadway sign located near the existing sign directing traffic to the lei sellers stands and rental car returns would offer this directional assistance so motorists may exit on the ramp way and be assured of a convenient alternative method of reaching the main terminal area and its parking area.

The effects of the modernization of the Honolulu International Airport have not been minimal. After over a year with the current new ramp way, the financial health of some lei sellers has been jeopardized by a ten to thirty per cent decrease in business.

Your Committee finds that every effort should be made to ensure the fiscal stability of this small industry at this airport and that these vendors should participate in making decisions concerning the directional sign.

Therefore, your Committee has amended this resolution to call for the establishment of an advisory committee to determine the placement and wording of the directional sign. The membership of the committee is to consist of representatives of lei seller stand operators and employees and representatives of the Airports Division, Department of Transportation.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 125, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 125, S.D. 1.

Signed by all members of the Committee.

SCRep. 1201

Transportation on S.C.R. No. 113

The purpose of this concurrent resolution is to request Congress to allow the State of Hawaii to regulate the flight and altitude patterns of helicopters engaged in intrastate air travel.

Your Committee finds that helicopter traffic within the State of Hawaii has increased tremendously in the past few years. The majority of the traffic has been generated by helicopter tour operators, some of whom fly over residential areas to show scenic and remote portions of our islands to their customers. The increased traffic has caused excessive noise levels and adverse environmental effects.

Previous attempts by local and state governments to regulate this industry have been preempted by the federal government, which controls the airspace as well as operational safety and certification of aircraft.

Hawaii, as well as other state and local governments, has requested the Federal Aviation Administration to improve its regulation of helicopter flight and altitude patterns. The Administration's actions have been insufficient and its interest in future efforts appears nonexistent.

Within the framework of federal regulations, a voluntary program of noise abatement procedures has been recommended by the helicopter operators of the State. With no regulatory authority, however, it has not been effective.

Your Committee finds that there is a great need for a set of enforceable rules for these aircraft and their flight and altitude patterns. The safety and welfare of the State's citizens and its visitors, as well as the State's precious and fragile land resources, are being compromised due to this deficiency.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 113 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1202 Transportation on S.R. No. 123

The purpose of this resolution is to request Congress to allow the State of Hawaii to regulate the flight and altitude patterns of helicopters engaged in intrastate air travel.

Your Committee finds that helicopter traffic within the State of Hawaii has increased tremendously in the past few years. The majority of the traffic has been generated by helicopter tour operators, some of whom fly over residential areas to show scenic and remote portions of our islands to their customers. The increased traffic has caused excessive noise levels and adverse environmental effects.

Previous attempts by local and state governments to regulate this industry have been preempted by the federal government, which controls the airspace as well as operational safety and certification of aircraft.

Hawaii, as well as other state and local governments, has requested the Federal Aviation Administration to improve its regulation of helicopter flight and altitude patterns. The Administration's actions have been insufficient and its interest in future efforts appears nonexistent.

Within the framework of federal regulations, a voluntary program of noise abatement procedures has been recommended by the helicopter operators of the State. With no regulatory authority, however, it has not been effective.

Your Committee finds that there is a great need for a set of enforceable rules for these aircraft and their flight and altitude patterns. The safety and welfare of the State's citizens and its visitors, as well as the State's precious and fragile land resources, are being compromised due to this deficiency.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 123 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1203 Transportation on S.C.R. No. 116

The purpose of this concurrent resolution is to express the Legislature's support for the expeditious transfer to the State of county highways designated for inclusion in the state highway system, but not yet transferred, and the state funding of necessary repair and maintenance costs.

Testimony from the Department of Transportation stated that the implementation of the transfers should be contingent upon approval of a supplemental appropriation for the repair and maintenance of the subject highways. In addition, the Department requested funds for initial improvements to the roads and the means to generate sufficient revenues for continual maintenance and repairs.

Your Committee has therefore amended this concurrent resolution to declare the Legislature's support of the continual efforts in completing the transfers under Phases III and IV of the state highway system plan. The title of the measure has been amended accordingly. In addition, the Department is directed to submit recommendations estimating the cost for completing the last two phases of the transfer and identifying the source and availability of funding.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 116, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 116, S.D. 1.

Signed by all members of the Committee except Senators Chang, Menor, Yamasaki and George.

SCRep. 1204 Transportation on S.R. No. 126

The purpose of this resolution is to express the Senate's support for the expeditious transfer to the State of county highways designated for inclusion in the state highway system, but not yet transferred, and the state funding of necessary repair and maintenance costs.

Testimony from the Department of Transportation stated that the implementation of the transfers should be contingent upon approval of a supplemental appropriation for the repair and maintenance of the subject highways. In addition, the Department requested funds for initial

improvements to the roads and the means to generate sufficient revenues for continual maintenance and repairs.

Your Committee has therefore amended this resolution to declare the Senate's support of the continual efforts in completing the transfers under Phases III and IV of the state highway system plan. The title of the measure has been amended accordingly. In addition, the Department is directed to submit recommendations estimating the cost for completing the last two phases of the transfer and identifying the source and availability of funding.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 126, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 126, S.D. 1.

Signed by all members of the Committee except Senators Chang, Menor, Yamasaki and George.

SCRep. 1205 Transportation on S.C.R. No. 145

The purpose of this concurrent resolution is to request the Department of Transportation to use funds from federal aid programs and funds presently allocated for bikeways development from the state highway fund to revise Bikeplan Hawaii. The revised document, among other things, is to include a description of the policies, programs, and facilities that may be utilized to promote the safe and effective integration of bicyclists into the Hawaii transportation system.

Bikeplan Hawaii was originally formulated in 1977. At that time, it was acknowledged that future planning would be required after a five-year demonstration period to allow for an evaluation of the recommendations and ideas adopted within the plan.

Your Committee finds that the bicycle is a viable alternative mode of transportation which should be promoted, especially as the State is faced with increasing traffic congestion.

Your Committee therefore finds that the revision of Bikeplan Hawaii is now timely and that every effort should be made by the Department of Transportation to pursue funding through available sources for the revision.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 145 and recommends its adoption.

Signed by all members of the Committee except Senators Chang, Menor, Yamasaki and George.

SCRep. 1206 Transportation on S.R. No. 156

The purpose of this resolution is to request the Department of Transportation to use funds from federal aid programs and funds presently allocated for bikeways development from the state highway fund to revise Bikeplan Hawaii. The revised document, among other things, is to include a description of the policies, programs, and facilities that may be utilized to promote the safe and effective integration of bicyclists into the Hawaii transportation system.

Bikeplan Hawaii was originally formulated in 1977. At that time, it was acknowledged that future planning would be required after a five-year demonstration period to allow for an evaluation of the recommendations and ideas adopted within the plan.

Your Committee finds that the bicycle is a viable alternative mode of transportation which should be promoted, especially as the State is faced with increasing traffic congestion.

Your Committee therefore finds that the revision of Bikeplan Hawaii is now timely and that every effort should be made by the Department of Transportation to pursue funding through available sources for the revision.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 156 and recommends its adoption.

Signed by all members of the Committee except Senators Chang, Menor, Yamasaki and George.

SCRep. 1207 Transportation on S.C.R. No. 52

The purpose of this concurrent resolution is to request the Department of Transportation to

conduct a feasibility study for the reconstruction of the road around Kaena Point to state standards.

A joint study was conducted in 1978 by the Department of Land and Natural Resources and Department of Transportation on alternative modes of transportation around Kaena Point, much of which has been designated as a state park. The affected community, during informal meetings, expressed opposition to the proposed improvement of the road around Kaena Point. After evaluation of the environmental value of the area, consideration of the goal of preserving the natural character of the shoreline, and finding significant community opposition to a through road during several public hearings, the alternative adopted was to limit travel around Kaena Point to foot and bicycle traffic.

In consideration of the past study and a perception that community sentiment has not changed, your Committee finds that it is premature at this time to request a feasibility study. Instead, efforts should be made to solicit community support before another study is undertaken.

Thus, your Committee has amended this concurrent resolution as follows:

(1) A new "Whereas" paragraph has been inserted mentioning the 1978 abandonment of the proposal to improve the road because of community opposition and specifying that the reversal or alleviation of the opposition should be a prerequisite to reconstruction.

(2) The first "Resolved" paragraph has been changed to request the Department of Transportation to conduct public meetings in Waianae and Mokuleia to obtain the support of these communities for the reconstruction of the road around Kaena Point.

(3) The second "Resolved" paragraph has been amended to reflect the new thrust of the measure. Your Committee, however, has not deleted the language concerning the projected cost and timetable of reconstruction of the road. Your Committee intends the Department to have available this option in case the public meetings prove successful and a proposal to the Regular Session of 1988 becomes possible.

(4) The title of the measure has been changed to conform to the amended request.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 52, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 52, S.D. 1.

Signed by all members of the Committee except Senators Chang, Menor, Yamasaki and George.

SCRep. 1208

Transportation on S.R. No. 27

The purpose of this resolution is to request the Department of Transportation to conduct a feasibility study for the reconstruction of the road around Kaena Point to state standards.

A joint study was conducted in 1978 by the Department of Land and Natural Resources and Department of Transportation on alternative modes of transportation around Kaena Point, much of which has been designated as a state park. The affected community, during informal meetings, expressed opposition to the proposed improvement of the road around Kaena Point. After evaluation of the environmental value of the area, consideration of the goal of preserving the natural character of the shoreline, and finding significant community opposition to a through road during several public hearings, the alternative adopted was to limit travel around Kaena Point to foot and bicycle traffic.

In consideration of the past study and a perception that community sentiment has not changed, your Committee finds that it is premature at this time to request a feasibility study. Instead, efforts should be made to solicit community support before another study is undertaken.

Thus, your Committee has amended this resolution as follows:

(1) A new "Whereas" paragraph has been inserted mentioning the 1978 abandonment of the proposal to improve the road because of community opposition and specifying that the reversal or alleviation of the opposition should be a prerequisite to reconstruction.

(2) The first "Resolved" paragraph has been changed to request the Department of Transportation to conduct public meetings in Waianae and Mokuleia to obtain the support of these communities for the reconstruction of the road around Kaena Point.

(3) The second "Resolved" paragraph has been amended to reflect the new thrust of the

measure. Your Committee, however, has not deleted the language concerning the projected cost and timetable of reconstruction of the road. Your Committee intends the Department to have available this option in case the public meetings prove successful and a proposal to the Regular Session of 1988 becomes possible.

(4) The title of the measure has been changed to conform to the amended request.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 27, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 27, S.D. 1.

Signed by all members of the Committee except Senators Chang, Menor, Yamasaki and George.

SCRep. 1209

Business Development and Pacific Relations on S.C.R. No. 102

The purpose of this concurrent resolution is to request the Legislative Reference Bureau (LRB) to conduct a study that will examine the problems affecting small business in Hawaii and propose solutions for consideration by the Legislature.

Small business plays a dominant role in our economy by providing 50 - 80 percent of all new jobs, employing one-third of the nation's work force, and comprising more than 90 percent of all businesses nationwide. Hawaii is very dependent on small business and must provide an atmosphere that is conducive to its growth and well-being. This concurrent resolution is a step towards recognizing the concerns of small business to insure its continued viability and stability in Hawaii's economy.

Your Committee has amended the concurrent resolution by:

- (1) Requesting the LRB to concentrate on identifying "the problems and issues of high priority for the small business community..."; and
- (2) Requiring consultation with several other business organizations in the preparation of the study; and
- (3) Requesting the LRB to also analyze business incentive programs that could help stimulate business growth, and to identify government policies that specifically relate to small business.

Your Committee on Business Development and Pacific 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 except Senators Cobb, Aki, Matsuura, Menor and Ikeda.

SCRep. 1210

Business Development and Pacific Relations on S.R. No. 111

The purpose of this resolution is to request the Legislative Reference Bureau (LRB) to conduct a study that will examine the problems affecting small business in Hawaii and propose solutions for consideration by the Legislature.

Small business plays a dominant role in our economy by providing 50 - 80 percent of all new jobs, employing one-third of the nation's work force, and comprising more than 90 percent of all businesses nationwide. Hawaii is very dependent on small business and must provide an atmosphere that is conducive to its growth and well-being. This resolution is a step towards recognizing the concerns of small business to insure its continued viability and stability in Hawaii's economy.

Your Committee has amended the resolution by:

- (1) Requesting the LRB to concentrate on identifying "the problems and issues of high priority for the small business community..."; and
- (2) Requiring consultation with several other business organizations in the preparation of the study; and
- (3) Requesting the LRB to also analyze business incentive programs that could help stimulate business growth, and to identify government policies that specifically relate to small business.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.R. No. 111, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 111, S.D. 1.

Signed by all members of the Committee except Senators Cobb, Aki, Matsuura, Menor and Ikeda.

SCRep. 1211 Business Development and Pacific Relations on S.C.R. No. 166

The purpose of this concurrent resolution is to request the Legislative Reference Bureau (LRB) to define the problems and issues, identify the causes, and propose solutions to the problems surrounding the formation and availability of capital in Hawaii.

Your Committee finds that although there are a number of state programs that provide capital to qualified applicants, a shortage of capital still exists, especially to new entrepreneurs who do not have a proven "track record" or credit history. Generally, the subject of capital availability in the State is oftentimes unclear and vague with inadequate solutions to problems that are undefined.

This concurrent resolution proposes to first identify the problems and issues, then identify the causes, and lastly to prepare solutions to the subject of capital availability. The resulting report would then serve to guide the Legislature in providing needed capital to local business concerns.

Your Committee has amended the concurrent resolution by:

- (1) Designating the Department of Planning and Economic Development (DPED) instead of the LRB as the responsible agency; and
- (2) Requesting a report to be made to a workshop convened prior to the 1988 legislative session rather than to the Legislature; and
- (3) Transmitting a copy of the concurrent resolution to the Director of DPED instead of the LRB.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.C.R. No. 166, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 166, S.D. 1.

Signed by all members of the Committee except Senators Cobb, Aki, Matsuura, Menor and Ikeda.

SCRep. 1212 Business Development and Pacific Relations on S.R. No. 178

The purpose of this resolution is to request the Legislative Reference Bureau (LRB) to define the problems and issues, identify the causes, and propose solutions to the problems surrounding the formation and availability of capital in Hawaii.

Your Committee finds that although there are a number of state programs that provide capital to qualified applicants, a shortage of capital still exists, especially to new entrepreneurs who do not have a proven "track record" or credit history. Generally, the subject of capital availability in the State is oftentimes unclear and vague with inadequate solutions to problems that are undefined.

This resolution proposes to first identify the problems and issues, then identify the causes, and lastly to prepare solutions to the subject of capital availability. The resulting report would then serve to guide the Legislature in providing needed capital to local business concerns.

Your Committee has amended the resolution by:

- (1) Designating the Department of Planning and Economic Development (DPED) instead of the LRB as the responsible agency; and
- (2) Requesting a report to be made to a workshop convened prior to the 1988 legislative session rather than to the Legislature; and
- (3) Transmitting a copy of the resolution to the Director of DPED instead of the LRB.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.R. No. 178, as amended herein, and recommends its adoption in the form attached

hereto as S.R. No. 178, S.D. 1.

Signed by all members of the Committee except Senators Cobb, Aki, Matsuura, Menor and Ikeda.

SCRep. 1213 (Joint) Business Development and Pacific Relations and Judiciary on S.C.R. No. 165

The purpose of this concurrent resolution is to encourage and support the establishment of the Center for International Commercial Dispute Resolution.

With the rapid expansion of international business, trade, and commerce among nations in Asia and the Pacific Basin, it is inevitable that disputes will arise from time to time. Many kinds of disputes arising from international business, trade, and commercial activities could be settled by means of international arbitration, mediation, conciliation, and other forms of dispute resolution.

There is presently being established in the State, a private, nonprofit organization called the Center for International Commercial Dispute Resolution, through the joint efforts of various government and private concerns. The purpose of the Center is to provide a neutral and respected international forum for the resolution of international commercial and other disputes as well as to develop and conduct educational and training programs in these areas.

Your Committees find that it would be in the public interest to provide necessary legal authority to the Center to conduct international commercial arbitration, mediation, and conciliation in the State. Therefore, this concurrent resolution also requests various representatives from the legal community to determine what additional legal authority may be necessary to enable the Center to effectuate the purposes of this concurrent resolution.

Your Committees on Business Development and Pacific Relations and Judiciary concur with the intent and purpose of S.C.R. No. 165 and recommend its adoption.

Signed by all members of the Committees except Senators Menor, Cobb, Aki, Kuroda, Matsuura, McMurdo and Ikeda.

SCRep. 1214 (Joint) Business Development and Pacific Relations and Judiciary on S.R. No. 177

The purpose of this resolution is to encourage and support the establishment of the Center for International Commercial Dispute Resolution.

With the rapid expansion of international business, trade, and commerce among nations in Asia and the Pacific Basin, it is inevitable that disputes will arise from time to time. Many kinds of disputes arising from international business, trade, and commercial activities could be settled by means of international arbitration, mediation, conciliation, and other forms of dispute resolution.

There is presently being established in the State, a private, nonprofit organization called the Center for International Commercial Dispute Resolution, through the joint efforts of various government and private concerns. The purpose of the Center is to provide a neutral and respected international forum for the resolution of international commercial and other disputes as well as to develop and conduct educational and training programs in these areas.

Your Committees find that it would be in the public interest to provide necessary legal authority to the Center to conduct international commercial arbitration, mediation, and conciliation in the State. Therefore, this resolution also requests various representatives from the legal community to determine what additional legal authority may be necessary to enable the Center to effectuate the purposes of this resolution.

Your Committees on Business Development and Pacific Relations and Judiciary concur with the intent and purpose of S.R. No. 177 and recommend its adoption.

Signed by all members of the Committees except Senators Menor, Cobb, Aki, Kuroda, Matsuura, Menor, McMurdo and Ikeda.

SCRep. 1215 (Joint) Housing, Hawaiian Programs and Natural Resources and Transportation on S.C.R. No. 78

The purpose of this concurrent resolution is to authorize the Department of Transportation to dispose by way of a lease, certain government submerged lands for the purpose of a nonprofit

maritime center.

Section 171-53, Hawaii Revised Statutes, requires the approval of the Governor and the prior authorization of the Legislature by concurrent resolution before the Department of Transportation may lease submerged and tidal lands.

The Board of Land and Natural Resources and the Governor have approved the disposition, by lease, of certain submerged and tidal lands situated at Pier 7, Honolulu Harbor, Oahu, Hawaii for the purpose of a nonprofit maritime center. Your Committees finds that the proposed disposition is in the public interest and recommend that the Legislature authorize said disposition.

Your Committees on Housing, Hawaiian Programs and Natural Resources and Transportation concur with the intent and purpose of S.C.R. No. 78 and recommend its adoption.

Signed by all members of the Committees except Senators Cobb, Holt, Menor and Young.

SCRep. 1216 (Joint) Housing, Hawaiian Programs and Natural Resources and Transportation on S.C.R. No. 79

The purpose of this concurrent resolution is to authorize the Department of Transportation to dispose by way of a lease, certain government submerged lands for the purpose of a marine facility.

Under Section 171-53, Hawaii Revised Statutes, the prior approval of the Governor and the prior authorization of the Legislature is required by concurrent resolution before the Department of Transportation may lease submerged and tidal lands.

The Governor and the Board of Land and Natural Resources have approved the disposition by the Department of Transportation of approximately 27,500 s.f. of submerged and tidal lands for development of a marine facility at Haleiwa Boat Harbor.

The proposed marine facility will include the development of the harbor, a fuel dock, a repair yard and haulout area in addition to commercial spaces for restaurants, fish markets and fishing supply outlets.

Your Committees heard supporting testimony from the Department of Transportation and the Department of Planning and Economic Development and find that this concurrent resolution is a necessary precedent to private sector expansion and improvement of the existing public harbor facility at Haleiwa.

Your Committees on Housing, Hawaiian Programs and Natural Resources and Transportation concur with the intent and purpose of S.C.R. No. 79 and recommend its adoption.

Signed by all members of the Committees except Senators Solomon, Cobb, Holt, Matsuura, Yamasaki, Young and Reed.

SCRep. 1217 (Joint) Housing, Hawaiian Programs and Natural Resources and Transportation on S.C.R. No. 80

The purpose of this concurrent resolution is to authorize the Department of Transportation to dispose by way of a lease, certain government submerged lands for the purpose of a tour boat operation.

Under Section 171-53(c), Hawaii Revised Statutes, the prior approval of the Governor and the prior authorization of the Legislature is required by concurrent resolution before the Department of Transportation may lease submerged and tidal lands.

Your Committees received testimony from the Department of Transportation and find that subject to the approval of the Board of Land and Natural Resources, the Department of Transportation has already received the Governor's approval and proposes to dispose by way of lease, approximately 15,000 square feet of submerged and tidal lands situated at Mala Wharf, Mala, Maui, Hawaii.

Your Committees on Housing, Hawaiian Programs and Natural Resources and Transportation concur with the intent and purpose of S.C.R. No. 80 and recommend its adoption.

Signed by all members of the Committees except Senators Cobb, Holt, Menor and Young.

SCRep. 1218 (Joint) Housing, Hawaiian Programs and Natural Resources and Transportation on S.C.R. No. 184

The purpose of this concurrent resolution is to authorize the Department of Land and Natural Resources (DLNR), the Department of Transportation (DOT), or both, to develop through private developers and capital certain fast and submerged lands for enumerated purposes.

Pursuant to Sections 171-53 and 171-60, Hawaii Revised Statutes, DLNR and DOT must obtain prior approval and authorization by the Governor and the Legislature by a concurrent resolution approving the reclamation and development of state lands.

The reclamation involves the development of fast and submerged lands for maritime-related activities and for other commercial, industrial, or recreational purposes at Heeia-Kea Pier in Kaneohe.

Your Committees, upon consideration of testimony received, has amended the description of the lands which are the subject of this concurrent resolution.

Your Committees on Housing, Hawaiian Programs and Natural Resources and Transportation concur with the intent and purpose of S.C.R. No. 184, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 184, S.D. 1.

Signed by all members of the Committees except Senators Cobb, Holt, Matsuura, Yamasaki, Young and Reed.

SCRep. 1219 Human Services on S.C.R. No. 16

The purpose of this concurrent resolution is to develop a resource inventory of the elderly in Hawaii to utilize their skills, knowledge, expertise, and experience in our public schools.

This concurrent resolution requests that the Executive Office on Aging with the cooperation of the Department of Education develop a resource inventory of the elderly.

Your Committee received numerous supporting testimonies. The general consensus is that the elderly are among society's greatest resources and their wealth of life experiences and knowledge should be tapped and utilized in many of our state endeavors, including their contributions to our youth in our public school system and communities.

Your Committee concurs with the sentiments expressed in all testimonies and finds that the development of an elderly resource inventory would greatly enhance the cultural and educational growth of the people in Hawaii.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 16 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1220 Transportation on S.R. No. 124

The purpose of this resolution is to provide the 1988 Legislature with the information necessary for this body to make informed decisions regarding the future revenues and expenditures of the Airport Division of the Department of Transportation.

In the past 10 years, the Department of Transportation Airports Division has undertaken an extensive expansion of airport facilities statewide. The revenues that pay for those expenditures should be properly reviewed by the Legislature, as well as the expenditures themselves.

Due to the large amounts of money involved in the airports programs, your Committee feels it is appropriate and necessary to have a periodic review of the financial system by an independent agency.

Your Committee has amended the resolution to reflect concerns expressed by the Honolulu Airlines Committee that their input be solicited along with that of the Department of Transportation.

Your Committee on Transportation is in accord with the intent and purpose of S.R. No. 124, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as S.R. No. 124, S.D. 1.

Signed by all members of the Committee except Senators Chang and Cobb.

SCRep. 1221 Transportation on S.C.R. No. 114

The purpose of this resolution is to provide the 1988 Legislature with the information necessary for this body to make informed decisions regarding the future revenues and expenditures of the Airport Division of the Department of Transportation.

In the past 10 years, the Department of Transportation Airports Division has undertaken an extensive expansion of airport facilities statewide. The revenues that pay for those expenditures should be properly reviewed by the Legislature, as well as the expenditures themselves.

Due to the large amounts of money involved in the airports programs, your Committee feels it is appropriate and necessary to have a periodic review of the financial system by an independent agency.

Your Committee has amended the resolution to reflect concerns expressed by the Honolulu Airlines Committee that their input be solicited along with that of the Department of Transportation.

Your Committee on Transportation is in accord 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 Senators Chang and Cobb.

SCRep. 1222 Transportation on S.R. No. 187

The purpose of this resolution is to provide that the Department of Transportation shall plan, design, equip, demonstrate, develop, implement, promote, and operate methods, programs, projects, and transportation systems management modes which do not require construction or physical expansion of state highways and which are intended to reduce traffic congestion. The Department, in cooperation with the Office of the Lieutenant Governor, is also to provide an assessment of the cost and effectiveness of implementation of the traffic reduction proposals.

Your Committee finds that Honolulu's major traffic corridors have already surpassed their capacities during the peak hours and that continued growth of Honolulu's population will only further tax existing facilities. Any further expansion of our highways and roads, however, will severely impact Hawaii's financial and natural resources, as well as raise community and environmental concerns. Thus, government must look elsewhere to find solutions with the potential to reduce traffic congestion substantially.

Therefore, your Committee believes that it is both prudent and necessary for innovative transportation policies to be studied and implemented if traffic congestion is to be alleviated by alternatives to construction of more highways.

Your Committee has made the following major amendments to this resolution:

- (1) In the first "Resolved" paragraph, the word "shall" has been replaced by "is requested to". A resolution cannot mandate any action. The amended language is consistent with the type of legislative directive which can be conveyed through a resolution.
- (2) Reference to "S.B. No. 1161" in the fourth "Resolved" paragraph has been changed to "S.B. No. 1071". The resolution, as amended, refers to a bill entitled "Relating to Traffic and Traffic Futures", on which the proposals in this measure are substantially based.
- (3) In the fifteenth "Resolved" paragraph, language has been inserted to provide for the cooperation of the Department of Transportation with appropriate county agencies. The counties share with the State responsibilities and duties relative to public transportation. Their input is appropriate and necessary.

In addition, your Committee has made technical, nonsubstantive amendments.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 187, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 187, S.D. 1.

Signed by all members of the Committee except Senators Cobb, Holt and Yamasaki.

SCRep. 1223 Transportation on S.C.R. No. 174

The purpose of this concurrent resolution is to provide that the Department of Transportation

shall plan, design, equip, demonstrate, develop, implement, promote, and operate methods, programs, projects, and transportation systems management modes which do not require construction or physical expansion of state highways and which are intended to reduce traffic congestion. The Department, in cooperation with the Office of the Lieutenant Governor, is also to provide an assessment of the cost and effectiveness of implementation of the traffic reduction proposals.

Your Committee finds that Honolulu's major traffic corridors have already surpassed their capacities during the peak hours and that continued growth of Honolulu's population will only further tax existing facilities. Any further expansion of our highways and roads, however, will severely impact Hawaii's financial and natural resources, as well as raise community and environmental concerns. Thus, government must look elsewhere to find solutions with the potential to reduce traffic congestion substantially.

Therefore, your Committee believes that it is both prudent and necessary for innovative transportation policies to be studied and implemented if traffic congestion is to be alleviated by alternatives to construction of more highways.

Your Committee has made the following major amendments to this concurrent resolution:

- (1) In the first "Resolved" paragraph, the word "shall" has been replaced by "is requested to". A concurrent resolution cannot mandate any action. The amended language is consistent with the type of legislative directive which can be conveyed through a concurrent resolution.
- (2) Reference to "S.B. No. 1161" in the fourth "Resolved" paragraph has been changed to "S.B. No. 1071". The concurrent resolution, as amended, refers to a bill entitled "Relating to Traffic and Traffic Futures", on which the proposals in this measure are substantially based.
- (3) In the fifteenth "Resolved" paragraph, language has been inserted to provide for the cooperation of the Department of Transportation with appropriate county agencies. The counties share with the State responsibilities and duties relative to public transportation. Their input is appropriate and necessary.
- (4) The word "Senate" in the third and seventh "Whereas" paragraphs has been replaced by "Legislature". Since this is a concurrent resolution which must be adopted by both houses, the amended language is more accurate.

In addition, your Committee has made technical, nonsubstantive amendments.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 174, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 174, S.D. 1.

Signed by all members of the Committee except Senators Cobb, Holt and Yamasaki.

SCRep. 1224

Tourism and Recreation on S.C.R. No. 14

The purpose of this Concurrent Resolution is to express the intent of the Senate that the use of any part of Kapiolani Park, including the Honolulu Zoo, for private profit-making commercial enterprises, should be prevented by all means available.

Kapiolani Park was originally dedicated in 1877, and throughout the years the Legislature has reaffirmed the original intent that nothing must interfere with the ability of the people to enjoy the Park and its open spaces. This Resolution would reaffirm that intent and would send a clear message to every state and city and county department and agency that the Park must be left open and free of commercial activity.

Your Committee recognizes however, that the term "commercial enterprise" can be interpreted to include any or all commercial activities regardless of merit, the wishes of the park users or the intent of the deeds of trust. It is the intent of your Committee therefore, that the term "commercial enterprise" as used in this Concurrent Resolution, means private profit-making activities that are inconsistent with the use and enjoyment of the park for recreational purposes.

Your Committee received testimony supporting this Concurrent Resolution from the Outdoor Circle, Waikiki Residents Association, West Diamond Head Community Association, and the Kapiolani Park Preservation Society, and finds that Kapiolani Park should be kept free of commercial enterprises, in accordance with the intent of those who conveyed the land for the

enjoyment of the citizens of the community.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.C.R. No. 14 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1225 Tourism and Recreation on S.R. No. 18

The purpose of this Resolution is to express the intent of the Senate that the use of any part of Kapiolani Park, including the Honolulu Zoo, for private profit-making commercial enterprises, should be prevented by all means available.

Kapiolani Park was originally dedicated in 1877, and throughout the years the Legislature has reaffirmed the original intent that nothing must interfere with the ability of the people to enjoy the Park and its open spaces. This Resolution would reaffirm that intent and would send a clear message to every state and city and county department and agency that the Park must be left open and free of commercial activity.

Your Committee recognizes however, that the term "commercial enterprise" can be interpreted to include any or all commercial activities regardless of merit, the wishes of the park users or the intent of the deeds of trust. It is the intent of your Committee therefore, that the term "commercial enterprise" as used in this Resolution, means private profit-making activities that are inconsistent with the use and enjoyment of the park for recreational purposes.

Your Committee received testimony supporting this Resolution from the Outdoor Circle, Waikiki Residents Association, West Diamond Head Community Association, and the Kapiolani Park Preservation Society, and finds that Kapiolani Park should be kept free of commercial enterprises, in accordance with the intent of those who conveyed the land for the enjoyment of the citizens of the community.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.R. No. 18 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1226 Tourism and Recreation on S.C.R. No. 138

The purpose of this concurrent resolution is to urge the State to support federal government acquisition of the Crater Hill coastal wildlands area adjacent to the Kilauea Point National Wildlife Refuge as an extension of the federal sanctuary and to preserve the habitat for present and future generations.

Your Committee received numerous testimonies in favor of this concurrent resolution. All testimonies recognize the importance of the Crater Hill area at Kilauea as a habitat for native seabirds and other wildlife. Testimonies indicate a strong support of public ownership of this area to preserve the scenic environment and rich natural resources.

Your Committee, upon consideration of this concurrent resolution, finds that the best use of this area would be as a wildlife refuge and that federal ownership would be appropriate, as the State and County have limited financial resources.

Your Committee adopted recommendations from the County of Kauai and made the following amendments:

- (1) All references to Crater Hill Coastal Wildlands area, including the title, was changed to Crater Hill - Mokolea Point Coastal Wildlands Area as the inclusion of Mokolea Point provides a clearer description of the area;
- (2) The second "WHEREAS" paragraph was amended to clarify that the refuge is the only nesting area for certain birds in the State that is easily accessible to the public;
- (3) The seventh "WHEREAS" paragraph was amended to make a grammatical change; and
- (4) The last "BE IT FURTHER RESOLVED" paragraph was amended to change the "Hawaii" administrator to the "Pacific Islands" administrator of the U.S. Fish and Wildlife Services.

Your Committee on Planning and Environment 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. 1227 Planning and Environment on S.R. No. 148

The purpose of this resolution is to urge the State to support federal government acquisition of the Crater Hill coastal wildlands area adjacent to the Kilauea Point National Wildlife Refuge as an extension of the federal sanctuary and to preserve the habitat for present and future generations.

Your Committee received numerous testimonies in favor of this resolution. All testimonies recognize the importance of the Crater Hill area at Kilauea as a habitat for native seabirds and other wildlife. Testimonies indicate a strong support of public ownership of this area to preserve the scenic environment and rich natural resources.

Your Committee, upon consideration of this resolution, finds that the best use of this area would be as a wildlife refuge and that federal ownership would be appropriate, as the State and County have limited financial resources.

Your Committee adopted recommendations from the County of Kauai and made the following amendments:

- (1) All references to Crater Hill Coastal Wildlands area, including the title, was changed to Crater Hill - Mokolea Point Coastal Wildlands Area as the inclusion of Mokolea Point provides a clearer description of the area;
- (2) The second "WHEREAS" paragraph was amended to clarify that the refuge is the only nesting area for certain birds in the State that is easily accessible to the public;
- (3) The seventh "WHEREAS" paragraph was amended to make a grammatical change; and
- (4) The last "BE IT FURTHER RESOLVED" paragraph was amended to change the "Hawaii" administrator to the "Pacific Islands" administrator of the U.S. Fish and Wildlife Services.

Your Committee on Planning and Environment concurs with the intent and purpose of S.R. No. 148, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 148, S.D. 1.

Signed by all members of the Committee.

SCRep. 1228 Planning and Environment on S.C.R. No. 74

The purpose of this concurrent resolution is to urge the State Department of Agriculture to prevent the introduction of the brown tree snake into the Pacific region by enlisting the cooperation of other state, federal and territorial agencies in developing a more stringent program of inspecting cargo, both in Guam and in Hawaii.

In addition, the plan should make both commercial and military transportation personnel, cargo handlers and the general public aware of the threats by snakes and develop better methods of detection and eradication of snakes to prevent their entrance into cargo and transportation facilities where their population could spread.

Your Committee received numerous supporting testimonies and finds that dead specimens of the brown tree snake were found recently in Hawaii and because of the disastrous effects on birds, animals and human beings, including biting people and invading homes in Guam, the snakes entry into Hawaii must be prevented. The snake was also reported to be an excellent climber, responsible for many power outages which have resulted in serious economic and social consequences for Guam.

Your Committee, therefore, finds that an aggressive program must be established to prevent the brown snake from being introduced to Hawaii.

Your Committee, to strengthen this measure, amended this concurrent resolution by 1) changing the title to more accurately reflect the intent of this concurrent resolution; 2) expanding the last paragraph to include additional agencies and persons to receive copies of this concurrent resolution; and 3) making nonsubstantive technical changes.

Your Committee on Planning and Environment concurs with the intent and purpose of S.C.R. No. 74, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 74, S.D. 1.

Signed by all members of the Committee.

SCRep. 1229 Planning and Environment on S.R. No. 82

The purpose of this resolution is to urge the State Department of Agriculture to prevent the introduction of the brown tree snake into the Pacific region by enlisting the cooperation of other state, federal and territorial agencies in developing a more stringent program of inspecting cargo, both in Guam and in Hawaii.

In addition, the plan should make both commercial and military transportation personnel, cargo handlers and the general public aware of the threats by snakes and develop better methods of detection and eradication of snakes to prevent their entrance into cargo and transportation facilities where their population could spread.

Your Committee received numerous supporting testimonies and finds that dead specimens of the brown tree snake were found recently in Hawaii and because of the disastrous effects on birds, animals and human beings, including biting people and invading homes in Guam, the snakes entry into Hawaii must be prevented. The snake was also reported to be an excellent climber, responsible for many power outages which have resulted in serious economic and social consequences for Guam.

Your Committee, therefore, finds that an aggressive program must be established to prevent the brown snake from being introduced to Hawaii.

Your Committee, to strengthen this measure, amended this resolution by 1) changing the title to more accurately reflect the intent of this resolution; 2) expanding the last paragraph to include additional agencies and persons to receive copies of this resolution; and 3) making nonsubstantive technical changes.

Your Committee on Planning and Environment concurs with the intent and purpose of S.R. No. 82, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 82, S.D. 1.

Signed by all members of the Committee.

SCRep. 1230 Planning and Environment on S.C.R. No. 63

The purpose of this concurrent resolution is to urge the counties of Maui, Kauai, and Hawaii to adopt ordinances relating to clearance of litter from private property similar to Section 26-4.14 of the Revised Ordinances of Honolulu.

Your Committee received testimony from the Department of Health and finds that vacant lots which contain litter are health hazards and visibly unattractive.

Your Committee finds that where owners or lessees fail or refuse to maintain their property, the various counties should have a procedure whereby, after adequate notice and due process to the owner or lessee, the county may assume the responsibility to clear the lots. Your Committee further finds that the owners or lessees should reimburse or pay the counties for clearing their lots.

Your Committee has amended this concurrent resolution to incorporate the Department of Health's recommendation to clarify the fourth "Whereas" paragraph to indicate that voluntary anti-litter programs and education programs contribute to reduction in litter.

Your Committee on Planning and Environment concurs with the intent and purpose of S.C.R. No. 63, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 63, S.D. 1.

Signed by all members of the Committee.

SCRep. 1231 Planning and Environment on H.C.R. No. 3

The purpose of this concurrent resolution is to request from the Department of Health a status report on the development and implementation of a state hazardous waste program which includes recommendations for expediting the development of a fully funded state program.

Your Committee finds that the Department of Health, which has responsibility for the regulation, treatment and disposal of hazardous waste, received \$180,000 from the Legislature to develop and implement a state hazardous waste program in response to increased public awareness of environmental pollution concerns.

Your Committee further finds that the Department of Health recommended that the State seek delegation of federal regulating responsibilities if there is a commitment of state funds to support a state hazardous waste program in the absence of federal grants.

Your Committee, upon consideration of this concurrent resolution and supporting testimony from the Department of Health, finds that a status report on the development and implementation of a state hazardous waste program would highlight the accomplishments as well as the needs and recommendations for expediting a state hazardous waste program.

Your Committee on Planning and Environment concurs with the intent and purpose of H.C.R. No. 3 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1232 Culture, Arts and Historic Preservation on S.C.R. No. 55

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to conduct a study on the feasibility of establishing a state supported Hawaii State Symphony and designating the Honolulu Symphony as such.

The Honolulu Symphony has been a cornerstone of Hawaii's cultural life since 1900. The 57 full-time and 30 part-time musicians of the symphony provide a wide variety of symphonic music which appeals to a broad cross-section of Hawaii's residents and visitors.

The Honolulu Symphony's income from ticket sales represent 40 percent of its annual revenue. The symphony would be a more stable cultural and educational organization if public funds were made available.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of S.C.R. No. 55 and recommends its adoption.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1233 Culture, Arts and Historic Preservation on S.R. No. 68

The purpose of this resolution is to request the Legislative Reference Bureau to conduct a study on the feasibility of establishing a state supported Hawaii State Symphony and designating the Honolulu Symphony as such.

The Honolulu Symphony has been a cornerstone of Hawaii's cultural life since 1900. The 57 full-time and 30 part-time musicians of the symphony provide a wide variety of symphonic music which appeals to a broad cross-section of Hawaii's residents and visitors.

The Honolulu Symphony's income from ticket sales represent 40 percent of its annual revenue. The symphony would be a more stable cultural and educational organization if public funds were made available.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of S.R. No. 68 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1234 Culture, Arts and Historic Preservation on Gov. Msg. No. 221

Recommending that the Senate advise and consent to the nominations to the King Kamehameha Celebration Commission of the following:

CLARISSA P. MATEO, for a term ending June 30, 1990; and

LUANA SAFFERY BECK, SYLVIA SCHNECK and KUULEIALOHA BECHERT LAY, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1235 Higher Education on S.C.R. No. 57

The purpose of this concurrent resolution is to urge the Chancellor for Community Colleges of the University of Hawaii to form an advisory committee to investigate and report on the need to revise and update the curriculum and facilities of the aviation mechanics program at the University of Hawaii Community Colleges.

Presently, only Honolulu Community College offers instruction in aviation mechanics. The Aviation Maintenance Technology Program provides training which leads to certification by the Federal Aviation Administration. The program, however, does not provide the balanced perspective required for the aviation industry, which compels numerous individuals to attend mainland colleges to obtain appropriate training.

Your Committee heard supporting testimony from the Chancellor for Community Colleges and Aloha Airlines and finds that there is currently a shortage of licensed airframe and powerplant mechanics in Hawaii. This employment trend has dramatically increased nationwide during the last two years.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 57 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1236 Higher Education on S.R. No. 70

The purpose of this resolution is to urge the Chancellor for Community Colleges of the University of Hawaii to form an advisory committee to investigate and report on the need to revise and update the curriculum and facilities of the aviation mechanics program at the University of Hawaii Community Colleges.

Presently, only Honolulu Community College offers instruction in aviation mechanics. The Aviation Maintenance Technology Program provides training which leads to certification by the Federal Aviation Administration. The program, however, does not provide the balanced perspective required for the aviation industry, which compels numerous individuals to attend mainland colleges to obtain appropriate training.

Your Committee heard supporting testimony from the Chancellor for Community Colleges and Aloha Airlines and finds that there is currently a shortage of licensed airframe and powerplant mechanics in Hawaii. This employment trend has dramatically increased nationwide during the last two years.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 70 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1237 Higher Education on S.C.R. No. 49

The purpose of this concurrent resolution is to request the University of Hawaii (UH) to examine the feasibility of establishing a Hawaiian and Pacific Island Studies Center at the Hilo campus, including recommendations on State and federal funding alternatives.

In December 1986, the Ka'u UH Task Force recommended the expansion of the UH Hilo Hawaiian Studies instructional, research and student services programs and the building of facilities that incorporate traditional Hawaiian Kauhale concept and motifs adapted for modern use.

Your Committee finds that the UH Hilo faculty has the expertise to further develop Hawaiian Studies and Pacific Island studies and in addition, faculty in other academic programs have strong interest in various dimensions of Hawaiian and Pacific Island studies across a broad range of concerns, from agriculture and science to the social sciences and humanities. Your Committee further finds that the Hilo campus has the largest percentage representation of Hawaiian students in the University of Hawaii system.

Your Committee, upon consideration, has amended the concurrent resolution by:

(1) Inserting the following paragraph:

"BE IT FURTHER RESOLVED that the University of Hawaii explore with the Department of Hawaiian Home Lands, (DHHL) the possibility of allocating suitable available lands

under the jurisdiction of the DHHL for the specific purpose of providing student housing for those students of Hawaiian or part Hawaiian ancestry enrolled at and attending the University of Hawaii-Hilo; and";

- (2) Assigning DHHL to share responsibility with the University of Hawaii in submitting a report of its findings and recommendations to the Senate;
- (3) Specifying that the Chairman of the Board of Regents receive a certified copy of the concurrent resolution.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 49, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 49, S.D. 1.

Signed by all members of the Committee.

SCRep. 1238 Higher Education on S.R. No. 63

The purpose of this resolution is to request the University of Hawaii (UH) to examine the feasibility of establishing a Hawaiian and Pacific Island Studies Center at the Hilo campus, including recommendations on State and federal funding alternatives.

In December 1986, the Ka'u UH Task Force recommended the expansion of the UH Hilo Hawaiian Studies instructional, research and student services programs and the building of facilities that incorporate traditional Hawaiian Kauhale concept and motifs adapted for modern use.

Your Committee finds that the UH Hilo faculty has the expertise to further develop Hawaiian Studies and Pacific Island studies and in addition, faculty in other academic programs have strong interest in various dimensions of Hawaiian and Pacific Island studies across a broad range of concerns, from agriculture and science to the social sciences and humanities. Your Committee further finds that the Hilo campus has the largest percentage representation of Hawaiian students in the University of Hawaii system.

Your Committee, upon consideration, has amended the resolution by:

- (1) Inserting the following paragraph:

"BE IT FURTHER RESOLVED that the University of Hawaii explore with the Department of Hawaiian Home Lands, (DHHL) the possibility of allocating suitable available lands under the jurisdiction of the DHHL for the specific purpose of providing student housing for those students of Hawaiian or part Hawaiian ancestry enrolled at and attending the University of Hawaii-Hilo; and";

- (2) Assigning DHHL to share responsibility with the University of Hawaii in submitting a report of its findings and recommendations to the Senate;
- (3) Specifying that the Chairman of the Board of Regents receive a certified copy of the resolution.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 63, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 63, S.D. 1.

Signed by all members of the Committee.

SCRep. 1239 Higher Education on S.C.R. No. 50

The purpose of this concurrent resolution is to request that the University of Hawaii and the East-West Center explore the possibility of a cooperative program in Pacific/Asian studies and research.

The University of Hawaii and the East-West Center share similar goals of serving as centers of learning and research for the people of Asia and the Pacific. They currently perform complimentary and overlapping functions and actively cooperate in numerous activities.

The University provides over 350 courses relating to Asian and Pacific studies, and annually awards over 300 undergraduate and graduate degrees relating to Asia and the Pacific. University faculty also conduct research as part of their professional responsibilities. The East-West Center's basic mission is twofold: (1) research and technical interchange in the Asia

and Pacific area; and (2) to provide scholarships for Asian, Pacific Islander and U.S. graduate students. The East-West Center has no instructional or degree-related activities, but provides scholarships annually for about 125 students to pursue graduate studies at the University of Hawaii.

There are many research associates at the East-West Center who hold adjunct or part-time teaching positions in the University or who serve as academic advisors for University graduate students. Conversely, many University faculty collaborate with the East-West Center on joint research projects, conferences, and regional exchange programs in the Asia and Pacific area. Many faculty members hold partial appointments at the East-West Center.

A University of Hawaii/East-West Center Consultative Committee was established to further develop the cooperation between the two institutions. The Committee provides a framework for mutual sharing of information and facilitates working arrangements between units of the two institutions. This concurrent resolution will provide for further exploration of ways to continue with cooperative programs in Pacific/Asian studies and research.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 50 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1240

Higher Education on S.R. No. 64

The purpose of this resolution is to request that the University of Hawaii and the East-West Center explore the possibility of a cooperative program in Pacific/Asian studies and research.

The University of Hawaii and the East-West Center share similar goals of serving as centers of learning and research for the people of Asia and the Pacific. They currently perform complimentary and overlapping functions and actively cooperate in numerous activities.

The University provides over 350 courses relating to Asian and Pacific studies, and annually awards over 300 undergraduate and graduate degrees relating to Asia and the Pacific. University faculty also conduct research as part of their professional responsibilities. The East-West Center's basic mission is twofold: (1) research and technical interchange in the Asia and Pacific area; and (2) to provide scholarships for Asian, Pacific Islander and U.S. graduate students. The East-West Center has no instructional or degree-related activities, but provides scholarships annually for about 125 students to pursue graduate studies at the University of Hawaii.

There are many research associates at the East-West Center who hold adjunct or part-time teaching positions in the University or who serve as academic advisors for University graduate students. Conversely, many University faculty collaborate with the East-West Center on joint research projects, conferences, and regional exchange programs in the Asia and Pacific area. Many faculty members hold partial appointments at the East-West Center.

A University of Hawaii/East-West Center Consultative Committee was established to further develop the cooperation between the two institutions. The Committee provides a framework for mutual sharing of information and facilitates working arrangements between units of the two institutions. This resolution will provide for further exploration of ways to continue with cooperative programs in Pacific/Asian studies and research.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 64 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1241

Education on S.C.R. No. 131

The purpose of this concurrent resolution is to request the Department of Education to conduct a feasibility study of providing direct school bus services from different areas on Oahu to all schools in the central Honolulu area.

Your Committee finds that a school bus system would provide a solution to two problems facing Honolulu residents. The first is the supervision of students during early morning hours. Many students are driven to school by their parents, and are necessarily at school as much as an hour before school commences. A school bus system would allow students to arrive at school at a more reasonable hour and not be unsupervised for long periods.

A school bus system would also relieve traffic congestion since parents would not be required

to make a special trip just to drive students to school.

This concurrent resolution is the first step in assessing the validity of a school bus system for Honolulu's students.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 131 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1242 Education on S.R. No. 141

The purpose of this resolution is to request the Department of Education to conduct a feasibility study of providing direct school bus services from different areas on Oahu to all schools in the central Honolulu area.

Your Committee finds that a school bus system would provide a solution to two problems facing Honolulu residents. The first is the supervision of students during early morning hours. Many students are driven to school by their parents, and are necessarily at school as much as an hour before school commences. A school bus system would allow students to arrive at school at a more reasonable hour and not be unsupervised for long periods.

A school bus system would also relieve traffic congestion since parents would not be required to make a special trip just to drive students to school.

This resolution is the first step in assessing the validity of a school bus system for Honolulu's students.

Your Committee on Education concurs with the intent and purpose of S.R. No. 141 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1243 Education on S.C.R. No. 38

The purpose of this concurrent resolution is to request the Department of Education to reevaluate its system for delivery of services to hearing impaired schoolchildren, prepare an action plan for establishing and delivering services to that population, and consider establishing a position of "Educational Audiologist" to be filled by a licensed audiologist in the public school system.

Favorable testimony was received from the State Coordinating Council on Deafness and the Hawaii Services on Deafness. Your Committee finds that the educational system has a significant impact on the development of hearing impaired schoolchildren and a reevaluation of the delivery of service would enable agencies to better carry out their responsibilities to the hearing impaired, thereby offering the opportunity to the children to develop to their potential.

Your Committee, upon consideration, has amended the concurrent resolution by:

- 1) Substituting reference to "Hearing Impaired Schoolchildren" with "Schoolchildren with Hearing Disorders" in the title and the third "WHEREAS" paragraph as the term "disorder" properly reflects current language used.
- 2) Inserting the phrase "the long term effects of which can be significant and produce permanent disturbances" relating to the effects of sensory deprivation in the fourth "WHEREAS" paragraph.
- 3) Inserting a new "WHEREAS" paragraph to read:

"WHEREAS, appropriate early identification, evaluation, monitoring and remediation can lessen the adverse social, emotional, educational and economic consequences of hearing disorders; now, therefore,"

- 4) Making technical changes which have no substantive effect.

Your Committee on Education 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. 1244

Education on S.R. No. 49

The purpose of this resolution is to request the Department of Education to reevaluate its system for delivery of services to hearing impaired schoolchildren, prepare an action plan for establishing and delivering services to that population, and consider establishing a position of "Educational Audiologist" to be filled by a licensed audiologist in the public school system.

Favorable testimony was received from the State Coordinating Council on Deafness and the Hawaii Services on Deafness. Your Committee finds that the educational system has a significant impact on the development of hearing impaired schoolchildren and a reevaluation of the delivery of service would enable agencies to better carry out their responsibilities to the hearing impaired, thereby offering the opportunity to the children to develop to their potential.

Your Committee, upon consideration, has amended the resolution by:

- 1) Substituting reference to "Hearing Impaired Schoolchildren" with "Schoolchildren with Hearing Disorders" in the title and the third "WHEREAS" paragraph as the term "disorder" properly reflects current language used.
- 2) Inserting the phrase "the long term effects of which can be significant and produce permanent disturbances" relating to the effects of sensory deprivation in the fourth "WHEREAS" paragraph.
- 3) Inserting a new "WHEREAS" paragraph to read:

"WHEREAS, appropriate early identification, evaluation, monitoring and remediation can lessen the adverse social, emotional, educational and economic consequences of hearing disorders; now, therefore,"

- 4) Making technical changes which have no substantive effect.

Your Committee on 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. 1245

Education on S.C.R. No. 148

The purpose of this concurrent resolution is to request the Department of Education (DOE) to study and report on the costs and feasibility of providing the Water Safety/Learn to Swim Program to all public school students.

Your Committee finds that Hawaii is blessed with beautiful beaches, and a climate conducive to swimming year round. But with this natural amenity comes the added responsibility to insure that Hawaii's children are competent swimmers. A study conducted by the Honolulu City and County Department of Parks and Recreation found that seventy percent of children seven to fourteen could not swim fifty yards.

Although the DOE has a Water Safety/Learn to Swim Program, it is not able to provide the Program to all elementary schools due to the high cost of busing students, and the Program for high school students has been hampered by the lack of readily accessible swimming pools.

This concurrent resolution is the first step in assessing the Program's problems to hopefully insure the water safety of Hawaii's school children.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 148 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1246

Education on S.R. No. 159

The purpose of this resolution is to request the Department of Education (DOE) to study and report on the costs and feasibility of providing the Water Safety/Learn to Swim Program to all public school students.

Your Committee finds that Hawaii is blessed with beautiful beaches, and a climate conducive to swimming year round. But with this natural amenity comes the added responsibility to insure that Hawaii's children are competent swimmers. A study conducted by the Honolulu City and

County Department of Parks and Recreation found that seventy percent of children seven to fourteen could not swim fifty yards.

Although the DOE has a Water Safety/Learn to Swim Program, it is not able to provide the Program to all elementary schools due to the high cost of busing students, and the Program for high school students has been hampered by the lack of readily accessible swimming pools.

This resolution is the first step in assessing the Program's problems to hopefully insure the water safety of Hawaii's school children.

Your Committee on Education concurs with the intent and purpose of S.R. No. 159 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1247 Education on S.C.R. No. 83

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to conduct a study on the Department of Education's (DOE) procedures in identifying special education students, the criteria used by diagnostic teams in determining the certification of special education students, and the difficulties encountered in attracting and maintaining qualified special services evaluation personnel.

Hawaii ranks 51st of all states plus the District of Columbia in the percentage of students identified as handicapped, indicating deficiencies in the identification procedures or certification criteria.

Public Law 94-142 requires appropriate and timely evaluations of students suspected of having handicapping conditions and Chapter 36 of the DOE's Regulations stipulates timelines for evaluation of students; however, these mandatory guidelines have not always been adhered to.

Your Committee heard favorable testimony from the Department of Education, Department of Health and the Hawaii State Teachers Association and finds that streamlining the evaluation process will ensure maximum benefits to students and reduce long term service costs by early identification of children with handicaps.

The concurrent resolution has been amended to include the distinguishment of children with language problems from those with learning disabilities/impairment in the identification of students' handicaps.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 83, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 83, S.D. 1.

Signed by all members of the Committee.

SCRep. 1248 Education on S.R. No. 89

The purpose of this resolution is to request the Legislative Reference Bureau to conduct a study on the Department of Education's (DOE) procedures in identifying special education students, the criteria used by diagnostic teams in determining the certification of special education students, and the difficulties encountered in attracting and maintaining qualified special services evaluation personnel.

Hawaii ranks 51st of all states plus the District of Columbia in the percentage of students identified as handicapped, indicating deficiencies in the identification procedures or certification criteria.

Public Law 94-142 requires appropriate and timely evaluations of students suspected of having handicapping conditions and Chapter 36 of the DOE's Regulations stipulates timelines for evaluation of students; however, these mandatory guidelines have not always been adhered to.

Your Committee heard favorable testimony from the Department of Education, Department of Health and the Hawaii State Teachers Association and finds that streamlining the evaluation process will ensure maximum benefits to students and reduce long term service costs by early identification of children with handicaps.

The resolution has been amended to include the distinguishment of children with language

problems from those with learning disabilities/impairment in the identification of students' handicaps.

Your Committee on Education concurs with the intent and purpose of S.R. No. 89, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as S.R. No. 89, S.D. 1.

Signed by all members of the Committee.

SCRep. 1249 Education on S.C.R. No. 147

The purpose of this concurrent resolution is to urge the Department of Education (DOE) and the Board of Education to encourage and support the development of Hawaiian language medium schools.

The Hawaiian language, recognized as one of the official languages of the State pursuant to Section 1-13, Hawaii Revised Statutes, is facing possible extinction.

The spoken language of the people is recognized to be a vital link to the perpetuation of a people's culture, however, the number of people fluent in the Hawaiian language has been declining.

Your Committee heard favorable testimony from the DOE and finds that language medium schools, which instruct children in all subject matters by means of their native language, have demonstrated effectiveness in reviving the native language.

Upon consideration, your Committee has amended the concurrent resolution by:

- 1) Changing the first "BE IT RESOLVED" paragraph to read:

"...that the Department of Education is requested to establish Hawaiian medium classes in elementary schools serving Hawaiian speaking children; and";

- 2) Inserting the following paragraph:

"BE IT FURTHER RESOLVED that the Department work in collaboration with the 'Aha Punana Leo, the University of Hawaii, parents of Hawaiian-speaking children, and any other interested groups and individuals with expertise in gathering and developing resources for the establishment of Hawaiian language immersion programs; and";

- 3) Adding a paragraph to require the Department of Education to submit a report on the progress of development and implementation of its language immersion program to the Legislature twenty days prior to the convening of the Regular Session of 1988; and
- 4) Specifying that the Superintendent of Education, the President of the University of Hawaii, and the directors of the Punana Leo schools receive certified copies of this concurrent resolution.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 147, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 147, S.D. 1.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1250 Education on S.R. No. 158

The purpose of this resolution is to urge the Department of Education (DOE) and the Board of Education to encourage and support the development of Hawaiian language medium schools.

The Hawaiian language, recognized as one of the official languages of the State pursuant to Section 1-13, Hawaii Revised Statutes, is facing possible extinction.

The spoken language of the people is recognized to be a vital link to the perpetuation of a people's culture, however, the number of people fluent in the Hawaiian language has been declining.

Your Committee heard favorable testimony from the DOE and finds that language medium schools, which instruct children in all subject matters by means of their native language, have demonstrated effectiveness in reviving the native language.

Upon consideration, your Committee has amended the resolution by:

- 1) Changing the first "BE IT RESOLVED" paragraph to read:

"...that the Department of Education is requested to establish Hawaiian medium classes in elementary schools serving Hawaiian speaking children; and";

- 2) Inserting the following paragraph:

"BE IT FURTHER RESOLVED that the Department work in collaboration with the 'Aha Punana Leo, the University of Hawaii, parents of Hawaiian-speaking children, and any other interested groups and individuals with expertise in gathering and developing resources for the establishment of Hawaiian language immersion programs; and";

- 3) Adding a paragraph to require the Department of Education to submit a report on the progress of development and implementation of its language immersion program to the Legislature twenty days prior to the convening of the Regular Session of 1988; and
- 4) Specifying that the Superintendent of Education, the President of the University of Hawaii, and the directors of the Punana Leo schools receive certified copies of this concurrent resolution.

Your Committee on Education concurs with the intent and purpose of S.R. No. 158, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 158, S.D. 1.

Signed by all members of the Committee.

SCRep. 1251 Higher Education on S.C.R. No. 121

The purpose of this concurrent resolution is to request the University of Hawaii to conduct a study on ways to increase the collaboration and cooperation of the University and the Bernice P. Bishop Museum including recommendations for use of resources and funding alternatives.

The Bishop Museum is the location for the Native Hawaiian Culture and Arts Program, pursuant to the Federal Higher Education Act, because it is an established institution knowledgeable in the cultural and artistic heritage of Native Hawaiians. The University of Hawaii has the faculty, students, a library and other resources to study and promote the language, culture and artistic heritage of Native Hawaiians. The two institutions have special missions and resources that are central to the study, perpetuation and dissemination of Hawaiian cultural heritage and natural science.

Your Committee heard supporting testimony by the President and Director of the Bishop Museum who correctly interpreted the intent of the concurrent resolution as not requesting a feasibility study but, rather, the development of a plan of action that might bring the stated results of increased collaboration and cooperation.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 121 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1252 Higher Education on S.R. No. 136

The purpose of this resolution is to request the University of Hawaii to conduct a study on ways to increase the collaboration and cooperation of the University and the Bernice P. Bishop Museum including recommendations for use of resources and funding alternatives.

The Bishop Museum is the location for the Native Hawaiian Culture and Arts Program, pursuant to the Federal Higher Education Act, because it is an established institution knowledgeable in the cultural and artistic heritage of Native Hawaiians. The University of Hawaii has the faculty, students, a library and other resources to study and promote the language, culture and artistic heritage of Native Hawaiians. The two institutions have special missions and resources that are central to the study, perpetuation and dissemination of Hawaiian cultural heritage and natural science.

Your Committee heard supporting testimony by the President and Director of the Bishop Museum who correctly interpreted the intent of the resolution as not requesting a feasibility study but, rather, the development of a plan of action that might bring the stated results of increased collaboration and cooperation.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 136 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1253 Higher Education on S.C.R. No. 122

The purpose of this concurrent resolution is to request that the Honolulu Community College, in consultation with other community colleges, assess the job training needs of high technology employers for mid-level technicians to meet the needs of expanding or relocating technology businesses.

The Executive Director of the High Technology Development Corporation testified that through discussions with representatives of high technology firms considering establishing operations in Hawaii, the subject of the availability of job-specific training has arisen most frequently. Some of the types of training discussed were for precision machining, aquaculture operations, telemarketing and response, software documentation, technical writing and computer programming.

Your Committee finds that it is critical to the success of our efforts to expand Hawaii's high technology activity that training anticipate the needs of companies that will relocate to Hawaii or will incubate and grow here. The availability of job-specific training is one of the most valuable incentives a state can offer, and the community college system is the most obvious source of this training.

Your Committee believes that a flexible training program which can react quickly to the needs of technology businesses will support technology development effectively.

The Chancellor of the Community Colleges recommended that the Office of the Chancellor of the Community Colleges be designated as the coordinating agency, because all of the community college campuses would then be involved. Your Committee concurs with the recommendation of the Chancellor, and has amended the concurrent resolution accordingly.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 122, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 122, S.D. 1.

Signed by all members of the Committee.

SCRep. 1254 Higher Education on S.R. No. 131

The purpose of this resolution is to request that the Honolulu Community College, in consultation with other community colleges, assess the job training needs of high technology employers for mid-level technicians to meet the needs of expanding or relocating technology businesses.

The Executive Director of the High Technology Development Corporation testified that through discussions with representatives of high technology firms considering establishing operations in Hawaii, the subject of the availability of job-specific training has arisen most frequently. Some of the types of training discussed were for precision machining, aquaculture operations, telemarketing and response, software documentation, technical writing and computer programming.

Your Committee finds that it is critical to the success of our efforts to expand Hawaii's high technology activity that training anticipate the needs of companies that will relocate to Hawaii or will incubate and grow here. The availability of job-specific training is one of the most valuable incentives a state can offer, and the community college system is the most obvious source of this training.

Your Committee believes that a flexible training program which can react quickly to the needs of technology businesses will support technology development effectively.

The Chancellor of the Community Colleges recommended that the Office of the Chancellor of the Community Colleges be designated as the coordinating agency, because all of the community college campuses would then be involved. Your Committee concurs with the recommendation of the Chancellor, and has amended the resolution accordingly.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 131, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 131, S.D. 1.

Signed by all members of the Committee.

SCRep. 1255 Higher Education on S.C.R. No. 124

The purpose of this concurrent resolution is to request the United States Congress to establish and support a Pacific International Land-Grant College within the University of Hawaii and direct the Dean of the College of Tropical Agriculture and Human Resources (CTAHR) to coordinate an action proposal for the establishment of the college.

It recognizes that the Pacific-island units must function in today's and tomorrow's agricultural world which is a complex, international, ecological/economical/political system. Therefore, the education and training of the human resources that are necessary for the Pacific islands to become equal to the task of achieving increased self-sufficiency and international competitiveness, is of prime importance.

The Land-Grant principle provides to the people the benefits of higher education that they need, in a manner that permits them to use the benefits optimally.

Your Committee heard favorable testimony from the Dean of CTAHR and supports the cooperative approach to agricultural development in the Pacific.

The concurrent resolution has been amended by changing the title to read:

"REQUESTING THE UNITED STATES CONGRESS TO ESTABLISH AND SUPPORT A PACIFIC CENTER FOR AGRICULTURAL INSTRUCTION, RESEARCH, AND EXTENSION FOR ALL PACIFIC ISLANDS, BASED ON THE LAND-GRANT THEME."

The purpose of this amendment is to avoid future misunderstandings with the federal government concerning the definition of "land-grant college."

Other references to the "land-grant college" have been amended to reflect the title change.

The concurrent resolution was further amended to include the President of the United States to those receiving certified copies of this concurrent resolution.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 124, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 124, S.D. 1.

Signed by all members of the Committee.

SCRep. 1256 Higher Education on S.R. No. 133

The purpose of this resolution is to request the United States Congress to establish and support a Pacific International Land-Grant College within the University of Hawaii and direct the Dean of the College of Tropical Agriculture and Human Resources (CTAHR) to coordinate an action proposal for the establishment of the college.

It recognizes that the Pacific-island units must function in today's and tomorrow's agricultural world which is a complex, international, ecological/economical/political system. Therefore, the education and training of the human resources that are necessary for the Pacific islands to become equal to the task of achieving increased self-sufficiency and international competitiveness, is of prime importance.

The Land-Grant principle provides to the people the benefits of higher education that they need, in a manner that permits them to use the benefits optimally.

Your Committee heard favorable testimony from the Dean of CTAHR and supports the cooperative approach to agricultural development in the Pacific.

The resolution has been amended by changing the title to read:

"REQUESTING THE UNITED STATES CONGRESS TO ESTABLISH AND SUPPORT A PACIFIC CENTER FOR AGRICULTURAL INSTRUCTION, RESEARCH, AND EXTENSION FOR ALL PACIFIC ISLANDS, BASED ON THE LAND-GRANT THEME."

The purpose of this amendment is to avoid future misunderstandings with the federal government concerning the definition of "land-grant college."

Other references to the "land-grant college" have been amended to reflect the title change.

The resolution was further amended to include the President of the United States to those receiving certified copies of this resolution.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 133, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 133, S.D. 1.

Signed by all members of the Committee.

SCRep. 1257 Consumer Protection and Commerce on S.C.R. No. 127

The purpose of this concurrent resolution is to request the Department of Commerce and Consumer Affairs (DCCA) to review section 490:2-313.1, Hawaii Revised Statutes, commonly known as the "motor vehicle lemon law." The concurrent resolution also requests DCCA to submit a report of its findings and recommendations for revisions of the law prior to the convening of the Regular Session of 1988.

Your Committee received testimony from the Director of DCCA which stated that this year would be an opportune time to make a comprehensive review of the lemon law and its impact on consumers and that DCCA would be happy to undertake the review.

Your Committee finds that there is an ever present need to provide an accessible and effective forum for the resolution of motor vehicle purchase disputes. Your Committee also finds that the lemon law provides this type of forum and therefore should be reviewed from time to time to ensure its continued effectiveness.

Your Committee has amended the concurrent resolution by adding the words "Regular Session of 1987," to the "BE IT RESOLVED" clause to conform the concurrent resolution to recommended drafting style.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.C.R. No. 127, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 127, S.D. 1.

Signed by all members of the Committee except Senators Blair, Aki, Matsuura and Nakasato.

SCRep. 1258 Consumer Protection and Commerce on S.R. No. 137

The purpose of this resolution is to request the Department of Commerce and Consumer Affairs (DCCA) to review section 490:2-313.1, Hawaii Revised Statutes, commonly known as the "motor vehicle lemon law." The resolution also requests DCCA to submit a report of its findings and recommendations for revisions of the law prior to the convening of the Regular Session of 1988.

Your Committee received testimony from the Director of DCCA which stated that this year would be an opportune time to make a comprehensive review of the lemon law and its impact on consumers and that DCCA would be happy to undertake the review.

Your Committee finds that there is an ever present need to provide an accessible and effective forum for the resolution of motor vehicle purchase disputes. Your Committee also finds that the lemon law provides this type of forum and therefore should be reviewed from time to time to ensure its continued effectiveness.

Your Committee has amended the resolution by adding the words "Regular Session of 1987," to the "BE IT RESOLVED" clause to conform the resolution to recommended drafting style.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.R. No. 137, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 137, S.D. 1.

Signed by all members of the Committee except Senators Blair, Aki, Matsuura and Nakasato.

SCRep. 1259 Consumer Protection and Commerce on S.C.R. No. 89

The purpose of this concurrent resolution is to request the Real Estate Commission to study the advisability of (1) statutorily requiring in residential real estate transactions that licensees and non-licensees ascertain and disclose pertinent facts; (2) defining pertinent facts to include flood hazard zone areas, noise exposure areas, air installation compatibility use zone areas, and

tsunami areas; (3) compelling completion of a written disclosure of all pertinent facts in a residential real estate transaction; and (4) requiring procedures for the use of "as is" clauses in residential sales.

Real Estate Commission Rule No. 16-99-3 requires real estate licensees to "ascertain and disclose" all pertinent facts to purchasers. The definition of a pertinent fact has been prescribed by disciplinary Commission decisions. Also, there is a nationwide trend for courts to expand upon the duties of brokers and salespersons to ascertain and disclose to buyers all pertinent facts in residential sales.

Your Committee received supporting testimony from the Real Estate Commission and the State Adjutant General and finds that this study will clarify the duties of real estate licensees and non-licensees in residential sales transactions and will add a measure of protection to buyers and lessees of properties in potentially dangerous areas.

Your Committee has amended the concurrent resolution by including "non-licensees" in the title and by adding lava flows which occurred within the past 100 years, serious mud slide areas, and areas below dams to the list of pertinent facts about a property. Your Committee has also amended the concurrent resolution by making nonsubstantive language changes to the fourth "WHEREAS" clause for the sake of clarity.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.C.R. No. 89, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 89, S.D. 1.

Signed by all members of the Committee except Senators Blair, Aki, Chang, Matsuura and Nakasato.

SCRep. 1260

Consumer Protection and Commerce on S.R. No. 94

The purpose of this resolution is to request the Real Estate Commission to study the advisability of (1) statutorily requiring in residential real estate transactions that licensees and non-licensees ascertain and disclose pertinent facts; (2) defining pertinent facts to include flood hazard zone areas, noise exposure areas, air installation compatibility use zone areas, and tsunami areas; (3) compelling completion of a written disclosure of all pertinent facts in a residential real estate transaction; and (4) requiring procedures for the use of "as is" clauses in residential sales.

Real Estate Commission Rule No. 16-99-3 requires real estate licensees to "ascertain and disclose" all pertinent facts to purchasers. The definition of a pertinent fact has been prescribed by disciplinary Commission decisions. Also, there is a nationwide trend for courts to expand upon the duties of brokers and salespersons to ascertain and disclose to buyers all pertinent facts in residential sales.

Your Committee received supporting testimony from the Real Estate Commission and the State Adjutant General and finds that this study will clarify the duties of real estate licensees and non-licensees in residential sales transactions and will add a measure of protection to buyers and lessees of properties in potentially dangerous areas.

Your Committee has amended the resolution by including "non-licensees" in the title and by adding lava flows which occurred within the past 100 years, serious mud slide areas, and areas below dams to the list of pertinent facts about a property. Your Committee has also amended the resolution by making nonsubstantive language changes to the fourth "WHEREAS" clause for the sake of clarity.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.R. No. 94, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 94, S.D. 1.

Signed by all members of the Committee except Senators Blair, Aki, Matsuura and Nakasato.

SCRep. 1261

Consumer Protection and Commerce on S.C.R. No. 85

The purpose of this concurrent resolution was to request the Legislative Auditor to evaluate certain mandated health services proposals in terms of their social and financial impact, in order to provide legislators with reliable data for decision making, and, secondarily, to establish a pattern for the future evaluation of proposed measures mandating additional health services.

The concurrent resolution identified Senate and House bills which would, if enacted, result in

added health care insurance and other costs, whatever their constructive contribution to the public health. The bills are as follows:

- (1) House Bill No. 178 and companion Senate Bill No. 1112, which would mandate health insurance coverage for in-vitro fertilization procedures on a one-time only basis;
- (2) Senate Bill No. 1173 and companion House Bill No. 343, which would mandate health insurance coverage for chiropractic services; and
- (3) House Bill No. 885 and companion Senate Bill No. 986, which would mandate health insurance coverage for alcohol and drug abuse and mental health treatment services.

Your Committee chairman noted that the wide disparity in the estimates of the fiscal impact of the foregoing bills as presented by proponents and opponents validated the need for the kind of evaluative action contemplated by this concurrent resolution.

Your Committee heard testimony from the Insurance Division, Department of Commerce and Consumer Affairs, favoring the concurrent resolution but recommending deletion of House Bill No. 885 and Senate Bill No. 986 from the bills to be analyzed on grounds that a similar evaluation had previously been accomplished by the Department of Health.

The Hawaii Medical Service Association strongly supported the measure, and recommended adding Senate Bill No. 518, House Draft 2, which mandates insurance coverage of child health supervision services, to the list of bills to be evaluated.

The president of the Hawaii State Chiropractic Association saw no need for chiropractors to be included in the concurrent resolution (Senate Bill No. 1173 and House Bill No. 343). He said that a previous study commissioned by the Chiropractic Association "clearly revealed the acceptance by the public of chiropractic and the demand that exists."

The Department of Health, as did the Insurance Commissioner, opposed further evaluation of House Bill No. 885 and Senate Bill No. 986 because it had already been done.

Upon consideration of the testimony and the purpose of the concurrent resolution, your Committee concluded that the concurrent resolution would be more comprehensive if it were broadened by the inclusion of Senate Bill No. 518, House Draft 2, among the bills to be analyzed by the Legislative Auditor. Your Committee has amended the concurrent resolution for that purpose. The concurrent resolution has been further amended by deleting an incorrect reference to S.B. No. 996 in item (3) of the BE IT RESOLVED paragraph and substituting therefor the correct reference to S.B. No. 986.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.C.R. No. 85, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 85, S.D. 1.

Signed by all members of the Committee except Senators Blair, Aki, Matsuura and Nakasato.

SCRep. 1262 Business Development and Pacific Relations on S.C.R. No. 101

The purpose of this concurrent resolution is to request the formation of a task force to conduct a study on the feasibility of establishing a regional exchange in Hawaii to trade in stocks, options, futures, and commodities.

Your Committee has amended this concurrent resolution by deleting the substance and inserting material requesting the Governor to proclaim 1988 the Year of Telecommunications in the State of Hawaii.

Your Committee finds that telecommunications will provide opportunities for economic expansion and diversity heretofore unknown in the State. This concurrent resolution will serve as notice that the State intends to take advantage of its highly sophisticated infrastructure and strive for a position of leadership in the field of telecommunications.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.C.R. No. 101, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 101, S.D. 1.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 1263 Business Development and Pacific Relations on S.R. No. 110

The purpose of this resolution is to request the formation of a task force to conduct a study on the feasibility of establishing a regional exchange in Hawaii to trade in stocks, options, futures, and commodities.

Your Committee has amended this resolution by deleting the substance and inserting material requesting the Governor to proclaim 1988 the Year of Telecommunications in the State of Hawaii.

Your Committee finds that telecommunications will provide opportunities for economic expansion and diversity heretofore unknown in the State. This resolution will serve as notice that the State intends to take advantage of its highly sophisticated infrastructure and strive for a position of leadership in the field of telecommunications.

Your Committee on Business Development and Pacific Relations concurs 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 except Senator Ikeda.

SCRep. 1264 Business Development and Pacific Relations on S.C.R. No. 99

The purpose of this concurrent resolution is to request the Pacific Islands Development Program, in collaboration with the Department of Planning and Economic Development, to conduct a study to determine the scope and benefit of a program creating a voluntary Aloha Corps. The concurrent resolution also requests the Department to seek a grant from the United States Agency for International Development to help fund the study.

The Aloha Corps concept would include a corps of young people from Hawaii who would provide assistance to developing Pacific nations. It is the belief of your Committee that because Aloha is common throughout the Pacific Basin, assistance or support from the people of Hawaii would be understood by the recipients as having been offered in a spirit of love, affection, trust, and sincere concern for the well-being of Hawaii's neighbors and friends in the Pacific.

In addition, there is a need for Hawaii's young citizens to develop a real and conscious sense of the international community and Hawaii's role and potential in that community.

Your Committee heard testimony from the Department of Planning and Economic Development and finds that the concept of the Aloha Corps has great merit, both as an educational experience for Hawaii's young people and as a good beginning for Hawaii's efforts to become the trade center of the Pacific.

Your Committee has amended the concurrent resolution by deleting the requested involvement of the Department of Planning and Economic Development. It is the opinion of your Committee that the Pacific Islands Development Program is the proper agency and has the ability to carry out this study. Your Committee has further amended the concurrent resolution by clarifying that the purpose of the study is to determine the economic and social benefit and scope of creating a voluntary Aloha Corps.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.C.R. No. 99, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 99, S.D. 1.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 1265 Business Development and Pacific Relations on S.R. No. 108

The purpose of this resolution is to request the Pacific Islands Development Program, in collaboration with the Department of Planning and Economic Development, to conduct a study to determine the scope and benefit of a program creating a voluntary Aloha Corps. The resolution also requests the Department to seek a grant from the United States Agency for International Development to help fund the study.

The Aloha Corps concept would include a corps of young people from Hawaii who would provide assistance to developing Pacific nations. It is the belief of your Committee that because Aloha is common throughout the Pacific Basin, assistance or support from the people of Hawaii would be understood by the recipients as having been offered in a spirit of love, affection, trust, and sincere concern for the well-being of Hawaii's neighbors and friends in the Pacific.

In addition, there is a need for Hawaii's young citizens to develop a real and conscious sense of the international community and Hawaii's role and potential in that community.

Your Committee heard testimony from the Department of Planning and Economic Development and finds that the concept of the Aloha Corps has great merit, both as an educational experience for Hawaii's young people and as a good beginning for Hawaii's efforts to become the trade center of the Pacific.

Your Committee has amended the resolution by deleting the requested involvement of the Department of Planning and Economic Development. It is the opinion of your Committee that the Pacific Islands Development Program is the proper agency and has the ability to carry out this study. Your Committee has further amended the resolution by clarifying that the purpose of the study is to determine the economic and social benefit and scope of creating a voluntary Aloha Corps.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.R. No. 108, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 108, S.D. 1.

Signed by all members of the Committee except Senator Ikeda.

SCRep. 1266 Public Utilities on S.C.R. No. 123

The purpose of this concurrent resolution is to request that the Public Utilities Commission prepare a study on the rates being paid to sugar companies in Hawaii for providing electrical energy to public utilities which furnish electricity to the general public.

This study shall include, but not be limited to:

- (1) The impact to rate payers of providing floor prices to sugar companies with existing contracts similar to floor prices paid to new sources of alternate energy;
- (2) The impact to rate payers should the sugar companies go out of business and it becomes necessary for the utilities to provide this power from other sources;
- (3) The effect on the environment should this source of alternate energy (biomass) no longer be available; and
- (4) Recommendations by the Public Utilities Commission to resolve this problem in the overall best interest of the consumer.

Act 243 established floor prices for new power contracts to encourage the development and continued production of electricity from alternative energy sources. However, the sugar companies who had existing contracts were not allowed to participate in any of these programs.

Many sugar companies provide significant amounts of power to the public utilities and receive different rates depending on the contracts they have with the utilities. Many of these contracts were negotiated in the early 1970's when the price of oil was around \$2 to \$3 a barrel. Since then several energy crises have occurred.

Some sugar companies entered into long-term contracts with utility companies to furnish electricity at fixed rates. On certain occasions, especially when they must burn fuel oil to meet their commitments to the utility companies, the sugar companies may suffer financially because they cannot pass on fuel escalation costs as do the utilities to consumers.

Your Committee finds that the sugar industry is an important contributor to Hawaii's economy in terms of employment and as a producer of electricity from a renewable energy source. Statewide, biomass generated electricity amounts to nine percent of the total electricity generated and accounts for thirty and forty percent, respectively, of the electricity generated for the Islands of Hawaii and Kauai.

Any change or adjustment made to existing agreements can have significant impact on consumers as well as providers of electrical power, especially in regards to cost increases, therefore, a study to determine the significance of these changes would be in the best interest of the State.

Your Committee on Public Utilities concurs with the intent and purpose of S.C.R. No. 123 and recommends its adoption.

Signed by all members of the Committee except Senator Hee.

SCRep. 1267

Public Utilities on S.R. No. 132

The purpose of this resolution is to request that the Public Utilities Commission prepare a study on the rates being paid to sugar companies in Hawaii for providing electrical energy to public utilities which furnish electricity to the general public.

This study shall include, but not be limited to:

- (1) The impact to rate payers of providing floor prices to sugar companies with existing contracts similar to floor prices paid to new sources of alternate energy;
- (2) The impact to rate payers should the sugar companies go out of business and it becomes necessary for the utilities to provide this power from other sources;
- (3) The effect on the environment should this source of alternate energy (biomass) no longer be available; and
- (4) Recommendations by the Public Utilities Commission to resolve this problem in the overall best interest of the consumer.

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Many sugar companies provide significant amounts of power to the public utilities and receive different rates depending on the contracts they have with the utilities. Many of these contracts were negotiated in the early 1970's when the price of oil was around \$2 to \$3 a barrel. Since then several energy crises have occurred.

Some sugar companies entered into long-term contracts with utility companies to furnish electricity at fixed rates. On certain occasions, especially when they must burn fuel oil to meet their commitments to the utility companies, the sugar companies may suffer financially because they cannot pass on fuel escalation costs as do the utilities to consumers.

Your Committee finds that the sugar industry is an important contributor to Hawaii's economy in terms of employment and as a producer of electricity from a renewable energy source. Statewide, biomass generated electricity amounts to nine percent of the total electricity generated and accounts for thirty and forty percent, respectively, of the electricity generated for the Islands of Hawaii and Kauai.

Any change or adjustment made to existing agreements can have significant impact on consumers as well as providers of electrical power, especially in regards to cost increases, therefore, a study to determine the significance of these changes would be in the best interest of the State.

Your Committee on Public Utilities concurs with the intent and purpose of S.R. No. 132 and recommends its adoption.

Signed by all members of the Committee except Senator Hee.

SCRep. 1268

Public Utilities on S.C.R. No. 157

The purpose of this concurrent resolution is to propose a study by the Legislative Auditor on the desirability and feasibility of regulating intra-state (inter-island) air carriers as public utilities.

Hawaii's unique situation of being a state composed of several islands places heavy reliance on intra-state air transportation for the maintenance of the health and welfare of the citizens of the State.

The Deregulation Act of 1978 has subjected inter-island carriers to competitive pressures that were not present prior to its enactment. These pressures have been in the form of:

1. Competition from mainland carriers;
2. Competition in rate schedules; and
3. Competition in service schedules.

The proposed study would measure the impact of deregulation on the continuation of consistent, reliable, and affordable intra-state (inter-island) air transportation and assist in a determination if regulation is necessary to maintain intra-state air transportation at its current

level of service.

Your Committee on Public Utilities concurs with the intent and purpose of S.C.R. No. 157 and recommends its adoption.

Signed by all members of the Committee except Senator Hee.

SCRep. 1269 Public Utilities on S.R. No. 167

The purpose of this resolution is to propose a study by the Legislative Auditor on the desirability and feasibility of regulating intra-state (inter-island) air carriers as public utilities.

Hawaii's unique situation of being a state composed of several islands places heavy reliance on intra-state air transportation for the maintenance of the health and welfare of the citizens of the State.

The Deregulation Act of 1978 has subjected inter-island carriers to competitive pressures that were not present prior to its enactment. These pressures have been in the form of:

1. Competition from mainland carriers;
2. Competition in rate schedules; and
3. Competition in service schedules.

The proposed study would measure the impact of deregulation on the continuation of consistent, reliable, and affordable intra-state (inter-island) air transportation and assist in a determination if regulation is necessary to maintain intra-state air transportation at its current level of service.

Your Committee on Public Utilities concurs with the intent and purpose of S.R. No. 167 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senator Hee.

SCRep. 1270 Legislative Management on S.C.R. No. 9

The purpose of this Concurrent Resolution is to request that the Legislature appropriate the funds necessary to assist those counties which do not use the emergency phone number "911" in the implementation of changing their current emergency numbers to "911".

Your Committee finds that the County of Hawaii is the only county without "911" emergency telephone service. The telephone network configuration servicing the County of Hawaii over the years precluded the economic installation of "911" emergency telephone service in Hawaii County. Hawaiian Telephone's recent conversion to electronic switching equipment on the island of Hawaii now allows for the economic installation of "911" service; however, 911 service in Hawaii County will not address the problems of:

1. A single answering point for "911" calls, which may be sufficiently distant from the source of the emergency call, such that the operator may be unfamiliar with the locale;
2. The rural nature of the county where some homes do not have formal addresses and location is defined in terms of landmarks; and
3. Unfamiliarity of tourists with the area making it extremely difficult to determine their location, particularly under the stress of emergency situations.

The recently developed "Enhanced 911" (E911) service addresses these deficiencies by identifying the source of emergency calls and the exact location utilizing a computerized tracing system.

Your Committee recommends that appropriate measures be taken by the State to assist the county of Hawaii in implementing an "E911" system at the earliest possible date.

Your Committee on Legislative Management concurs with the intent and purpose of S.C.R. No. 9 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1271 Legislative Management on S.R. No. 13

The purpose of this Resolution is to request that the Legislature appropriate the funds

necessary to assist those counties which do not use the emergency phone number "911" in the implementation of changing their current emergency numbers to "911".

Your Committee finds that the County of Hawaii is the only county without "911" emergency telephone service. The telephone network configuration servicing the County of Hawaii over the years precluded the economic installation of "911" emergency telephone service in Hawaii County. Hawaiian Telephone's recent conversion to electronic switching equipment on the island of Hawaii now allows for the economic installation of "911" service; however, 911 service in Hawaii County will not address the problems of:

1. A single answering point for "911" calls, which may be sufficiently distant from the source of the emergency call, such that the operator may be unfamiliar with the locale;
2. The rural nature of the county where some homes do not have formal addresses and location is defined in terms of landmarks; and
3. Unfamiliarity of tourists with the area making it extremely difficult to determine their location, particularly under the stress of emergency situations.

The recently developed "Enhanced 911" (E911) service addresses these deficiencies by identifying the source of emergency calls and the exact location utilizing a computerized tracing system.

Your Committee recommends that appropriate measures be taken by the State to assist the county of Hawaii in implementing an "E911" system at the earliest possible date.

Your Committee on Legislative Management concurs with the intent and purpose of S.R. No. 13 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1272 (Joint) Tourism and Recreation and Transportation on S.C.R. No. 161

The purpose of this concurrent resolution is to request the Department of Transportation to develop a design plan for a small boat harbor facility for existing light-draft vessels and facilities for other ocean-related cultural and recreational activities at Kawaihae Harbor or at another site proposed for the small boat harbor.

Your Committees received supporting testimony on this concurrent resolution from the Department of Transportation, the Kawaihae Boating Association, Matson Navigation Company, and Theo H. Davies. All parties generally agree with the need to proceed with the Department's plans to extend the existing commercial pier for deep-draft cargo vessels, but strong concerns were also expressed about the immediate displacement of light-draft vessel mooring facilities which may occur as a result of this project.

Your Committees were impressed with the spirit of cooperation which was expressed by all concerned parties and are confident that the Department will make every effort to address the concerns of the small boat owners during the construction period.

Your Committees have amended this concurrent resolution by deleting references to existing vessels currently moored in Kawaihae Harbor in the first "BE IT RESOLVED" clause due to its restrictiveness. The reason for this amendment is that the existing language does not address the need to provide facilities for any additional increases in the small boat population which may occur.

Your Committees have further amended the concurrent resolution by requesting the Department of Transportation to explore the possibility of improving and expanding spur jetties from the south side of the existing Kawaihae Harbor Breakwater using Harbors Division capital improvement funds, and by requesting the Department to submit a report to the 1988 Legislature on the efforts and progress made regarding the recreational use of the Harbor.

Your Committees on Tourism and Recreation and Transportation concur with the intent and purpose of S.C.R. No. 161, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 161, S.D. 1.

Signed by all members of the Committees except Senators Chang, McMurdo, Aki, Cobb, Menor, Nakasato and Solomon.

SCRep. 1273 (Joint) Tourism and Recreation and Transportation on S.R. No. 173

The purpose of this resolution is to request the Department of Transportation to develop a design plan for a small boat harbor facility for existing light-draft vessels and facilities for other ocean-related cultural and recreational activities at Kawaihae Harbor or at another site proposed for the small boat harbor.

Your Committees received supporting testimony on this resolution from the Department of Transportation, the Kawaihae Boating Association, Matson Navigation Company, and Theo H. Davies. All parties generally agree with the need to proceed with the Department's plans to extend the existing commercial pier for deep-draft cargo vessels, but strong concerns were also expressed about the immediate displacement of light-draft vessel mooring facilities which may occur as a result of this project.

Your Committees were impressed with the spirit of cooperation which was expressed by all concerned parties and are confident that the Department will make every effort to address the concerns of the small boat owners during the construction period.

Your Committees have amended this resolution by deleting references to existing vessels currently moored in Kawaihae Harbor in the first "BE IT RESOLVED" clause due to its restrictiveness. The reason for this amendment is that the existing language does not address the need to provide facilities for any additional increases in the small boat population which may occur.

Your Committees have further amended the resolution by requesting the Department of Transportation to explore the possibility of improving and expanding spur jetties from the south side of the existing Kawaihae Harbor Breakwater using Harbors Division capital improvement funds, and by requesting the Department to submit a report to the 1988 Legislature on the efforts and progress made regarding the recreational use of the Harbor.

Your Committees on Tourism and Recreation and Transportation concur with the intent and purpose of S.R. No. 173, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 173, S.D. 1.

Signed by all members of the Committees except Senators Chang, McMurdo, Aki, Cobb, Menor, Nakasato and Solomon.

SCRep. 1274 Military and Civil Defense on S.C.R. No. 118

The purpose of this concurrent resolution is to request that the Directors of the Vietnam Veterans Memorial Funds in the District of Columbia approve requests for the enrollment of additional names of deceased veterans unless it categorically appears that there is no causal connection between the death of the service person and Vietnam combat.

Your Committee was genuinely moved during the recent display of the replica of the Vietnam Memorial on the grounds of our State Capital and the various Islands within the State. Further, the emotions that the Memorial evoked clearly demonstrated that the Vietnam War remains alive in the minds of veterans and their families, as well as in the minds of the survivors of deceased veterans whose deaths may have a causal connection to their service in Vietnam.

Your Committee believes that the deaths of veterans which are reasonably related to their Vietnam service should be accorded the honor of having their names on the Memorial alongside their fallen comrades.

Your Committee finds that there is a need to liberalize the handling of requests for the addition of names to the Memorial, and where any doubt exists, resolve such doubt in favor of acceptance.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.C.R. No. 118 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1275 Military and Civil Defense on S.R. No. 128

The purpose of this resolution is to request that the Directors of the Vietnam Veterans Memorial Funds in the District of Columbia approve requests for the enrollment of additional names of deceased veterans unless it categorically appears that there is no causal connection between the death of the service person and Vietnam combat.

Your Committee was genuinely moved during the recent display of the replica of the Vietnam Memorial on the grounds of our State Capital and the various Islands within the State. Further,

the emotions that the Memorial evoked clearly demonstrated that the Vietnam War remains alive in the minds of veterans and their families, as well as in the minds of the survivors of deceased veterans whose deaths may have a causal connection to their service in Vietnam.

Your Committee believes that the deaths of veterans which are reasonably related to their Vietnam service should be accorded the honor of having their names on the Memorial alongside their fallen comrades.

Your Committee finds that there is a need to liberalize the handling of requests for the addition of names to the Memorial, and where any doubt exists, resolve such doubt in favor of acceptance.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.R. No. 128 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1276 (Joint) Military and Civil Defense and Business Development and Pacific Relations on S.C.R. No. 133

The purpose of this concurrent resolution is to urge the federal government to extend to France the opportunity of using our nuclear testing facilities, such as the one located in Nevada.

While an end to nuclear weapons testing is desirable, such a drastic change in defense policies worldwide is highly unlikely in the near future. This concurrent resolution takes a small but significant step toward restricting widespread nuclear weapons testing by limiting the activities of France and the United States to one designated site. Such a policy will help improve our relations with South Pacific nations, possibly limit Soviet influence in the region, provide valuable protection to the fragile South Pacific environment, further the interests of world peace, and assist one of our important allies.

France is a vital and long standing ally of the United States and is an integral part of the defense of Western Europe. Therefore, France must be assured that a viable alternative test site exists before it can reasonably be expected to consider relocating its current site.

Your Committees note that Great Britain has already been offered the use of these testing facilities, and many South Pacific nations are opposed to the current policy of the French government which utilizes the region to test its nuclear weapons.

For many years, France has been conducting nuclear tests in the South Pacific Islands without the consent of the people. These tests, which have disrupted people's lives, probably forever, cannot be condoned, especially by the people of Hawaii who share a close cultural bond with the people of the Pacific Basin. Thus, the State of Hawaii should take the initiative by persuading the federal government to act favorably on this concurrent resolution, and through one of its western allies, to protect the physical, emotional and economic well being of the South Pacific people.

It is important for the United States to maintain good relations with South Pacific nations not only to assist in their economic development and preserve their political independence, but to counter an increasing Soviet presence in the area evidenced by their military forces, attempts to obtain fishing rights and other concessions from these nations. As an Island community strategically located in the Pacific and comprised of a multi-ethnic population tracing its roots to Polynesia and Asia, Hawaii should play a leading role in furthering improved relations between the United States and Pacific Basin nations.

Your Committees on Military and Civil Defense and Business Development and Pacific Relations concur with the intent and purpose of S.C.R. No. 133 and recommend its adoption.

Signed by all members of the Committees except Senators B. Kobayashi, McMurdo, Mizuguchi and Ikeda.

SCRep. 1277 (Joint) Military and Civil Defense and Business Development and Pacific Relations on S.R. No. 143

The purpose of this resolution is to urge the federal government to extend to France the opportunity of using our nuclear testing facilities, such as the one located in Nevada.

While an end to nuclear weapons testing is desirable, such a drastic change in defense policies worldwide is highly unlikely in the near future. This concurrent resolution takes a small but

significant step toward restricting widespread nuclear weapons testing by limiting the activities of France and the United States to one designated site. Such a policy will help improve our relations with South Pacific nations, possibly limit Soviet influence in the region, provide valuable protection to the fragile South Pacific environment, further the interests of world peace, and assist one of our important allies.

France is a vital and long standing ally of the United States and is an integral part of the defense of Western Europe. Therefore, France must be assured that a viable alternative test site exists before it can reasonably be expected to consider relocating its current site.

Your Committees note that Great Britain has already been offered the use of these testing facilities, and many South Pacific nations are opposed to the current policy of the French government which utilizes the region to test its nuclear weapons.

For many years, France has been conducting nuclear tests in the South Pacific Islands without the consent of the people. These tests, which have disrupted people's lives, probably forever, cannot be condoned, especially by the people of Hawaii who share a close cultural bond with the people of the Pacific Basin. Thus, the State of Hawaii should take the initiative by persuading the federal government to act favorably on this concurrent resolution, and through one of its western allies, to protect the physical, emotional and economic well being of the South Pacific people.

It is important for the United States to maintain good relations with South Pacific nations not only to assist in their economic development and preserve their political independence, but to counter an increasing Soviet presence in the area evidenced by their military forces, attempts to obtain fishing rights and other concessions from these nations. As an Island community strategically located in the Pacific and comprised of a multi-ethnic population tracing its roots to Polynesia and Asia, Hawaii should play a leading role in furthering improved relations between the United States and Pacific Basin nations.

Your Committees on Military and Civil Defense and Business Development and Pacific Relations concur with the intent and purpose of S.R. No. 143 and recommend its adoption.

Signed by all members of the Committees except Senators B. Kobayashi, McMurdo, Mizuguchi and Ikeda.

SCRep. 1278 (Joint) Military and Civil Defense and Housing, Hawaiian Programs and Natural Resources on S.R. No. 186

The purpose of this resolution is to request the Department of Land and Natural Resources (DLNR) to initiate condemnation proceedings on parcels of land located in central Oahu for the development of a veterans cemetery and a public memorial for veterans.

Currently Punchbowl, the only national cemetery for the Pacific Region, is reaching its capacity for casket burials. Further, no new national cemeteries will be authorized under the current federal administration. Hawaii's veterans must either chose to be buried at the closest regional national cemeteries in California or Oregon, or be buried at a private cemetery in Hawaii at their own expense.

The federal government is currently providing grants-in-aid for the establishment, expansion and improvement of veterans cemeteries. Also, Section 363-4, Hawaii Revised Statutes, provides the DLNR the authority to acquire land by exchange, purchase or condemnation, suitable for the establishment of a veterans cemetery.

Your Committees are aware of the urgent need to find a suitable site for the development of a state veterans cemetery in order to apply for the necessary matching federal funds by September 30th, 1987. This resolution specifically identifies land in central Oahu which may be suitable for the development of this cemetery.

Your Committees find that by requesting the DLNR to initiate condemnation proceedings so that the State may acquire these parcels of land, application for the matching federal funds may commence soon thereafter. Further, the creation of a position within the DLNR to be responsible for filing the necessary applications for the federal funding and to follow through with the plans for the development for the veterans cemetery is in the best interest of this project.

Your Committees have amended this resolution by deleting the words "in central" in the title and the sixth paragraph on page 2, and substituting the word "on", to make reference to land found "on Oahu" rather than "in central Oahu". Your Committees have further amended this resolution to correct a typographical error in the title.

Your Committees on Military and Civil Defense and Housing, Hawaiian Programs and Natural Resources concur with the intent and purpose of S.R. No. 186, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 186, S.D. 1.

Signed by all members of the Committees except Senators McMurdo, Mizuguchi, Yamasaki, Henderson and Ikeda.

SCRep. 1279 Human Services on S.C.R. No. 81

The purpose of this concurrent resolution is to assess the adequacy of the basic needs allowance and shelter allowance schedule under the public assistance program by requesting that a study be conducted by the Legislative Auditor.

Your Committee heard numerous supporting testimonies and finds that the basic needs allowance which was last increased in 1978 and the shelter allowance which is based on a 1975 schedule are inadequate to meet the shelter and basic needs of families, many of whom include the elderly and severely disabled individuals.

In a 1987 report from the Department of Social Services and Housing (DSSH), there is acknowledgement that the present levels of assistance are below poverty levels. DSSH recommended a 10 percent increase which according to Hawaii Centers for Independent Living is insufficient to meet the needs of this population.

Your Committee, therefore, finds that a study should be conducted by the Legislative Auditor to examine the 1987 DSSH report on the adequacy of welfare allowances under the public assistance program and make recommendations on whether the Hawaii security net is set at an appropriate level for individuals and families who cannot afford the basic necessities of life.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 81 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1280 (Joint/Majority) Human Services and Education on S.C.R. No. 97

The purpose of this concurrent resolution is to enhance life options for teenagers as well as reduce welfare costs by requesting the Department of Social Services and Housing (DSSH) to adopt a policy with the Department of Education (DOE) to implement school-based clinics.

Your Committees find that there is a rising rate of teenage pregnancies and births in Hawaii and almost 60 percent of teen mothers are not married. In addition, only half of those who gave birth before eighteen completed high school and their failure to complete their basic education hampers their employment prospects and earning potential and promotes welfare dependence.

Your Committees received numerous testimonies in support of school-based clinics and finds that these clinics have been successful in a number of states in enhancing life options for young parents by helping them complete their education, participate in employment programs and receive child care services and parenting education.

Your Committees find that the establishment of school-based clinics would be beneficial by supporting the health and education of our youth and also reducing welfare costs to our State.

Your Committees on Human Services and Education concur with the intent and purpose of S.C.R. No. 97 and recommend its adoption.

Signed by all members of the Committees except Senators Fernandes Salling. Senator Menor did not concur.

SCRep. 1281 (Joint/Majority) Human Services and Education on S.R. No. 106

The purpose of this resolution is to enhance life options for teenagers as well as reduce welfare costs by requesting the Department of Social Services and Housing (DSSH) to adopt a policy with the Department of Education (DOE) to implement school-based clinics.

Your Committees find that there is a rising rate of teenage pregnancies and births in Hawaii and almost 60 percent of teen mothers are not married. In addition, only half of those who gave birth before eighteen completed high school and their failure to complete their basic education hampers their employment prospects and earning potential and promotes welfare dependence.

Your Committees received numerous testimonies in support of school-based clinics and finds

that these clinics have been successful in a number of states in enhancing life options for young parents by helping them complete their education, participate in employment programs and receive child care services and parenting education.

Your Committees find that the establishment of school-based clinics would be beneficial by supporting the health and education of our youth and also reducing welfare costs to our State.

Your Committees on Human Services and Education concur with the intent and purpose of S.R. No. 106 and recommend its adoption.

Signed by all members of the Committees except Senator Fernandes Salling.
Senator Menor did not concur.

SCRep. 1282 Human Services on S.C.R. No. 42

The purpose of this concurrent resolution is to urge Hawaii's Congressional delegation to support federal legislation which would establish long term care and catastrophic illness insurance protection for our senior citizens.

The United States, like other developed nations, is facing an unprecedented growth in its older adult population. The effects of a catastrophic illness requiring long term care can be financially devastating on these elderly people who rely on low, moderate or fixed incomes. Urgent and mandatory assistance by the federal government is needed to fill the gaps in Medicare and other federally sponsored medical insurance to ensure that our senior citizens are receiving the care and treatment they require.

President Reagan recently proposed a plan to assist senior citizens in bearing the cost of financially catastrophic illnesses. Your Committee finds that support for federal legislation by Hawaii's Congressional delegation for the establishment of long term care catastrophic illness insurance protection for senior citizens is in the best interest of the 28 million Americans age 65 or older.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 42 and recommends its adoption.

Signed by all members of the Committee except Senators Yamasaki and Menor.

SCRep. 1283 Human Services on S.R. No. 54

The purpose of this resolution is to urge Hawaii's Congressional delegation to support federal legislation which would establish long term care and catastrophic illness insurance protection for our senior citizens.

The United States, like other developed nations, is facing an unprecedented growth in its older adult population. The effects of a catastrophic illness requiring long term care can be financially devastating on these elderly people who rely on low, moderate or fixed incomes. Urgent and mandatory assistance by the federal government is needed to fill the gaps in Medicare and other federally sponsored medical insurance to ensure that our senior citizens are receiving the care and treatment they require.

President Reagan recently proposed a plan to assist senior citizens in bearing the cost of financially catastrophic illnesses. Your Committee finds that support for federal legislation by Hawaii's Congressional delegation for the establishment of long term care catastrophic illness insurance protection for senior citizens is in the best interest of the 28 million Americans age 65 or older.

Your Committee on Human Services concurs with the intent and purpose of S.R. No. 54 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1284 Human Services on S.C.R. No. 82

The purpose of this concurrent resolution is to request that the Department of Social Services and Housing (DSSH), the Department of Health (DOH), and Department of Education (DOE) to review, evaluate, and implement the recommendations made in the report entitled "The Utilization of Medicaid on Behalf of Developmentally Disabled Citizens".

Your Committee finds that the State Planning Council on Developmental Disabilities which is responsible for encouraging efficient and coordinated use of federal, state, and private

resources in services for the developmentally disabled, contracted for a report on Hawaii's utilization of Medicaid for this population.

Your Committee, upon review of all testimonies, finds that the recommendations offered in this report provide mechanisms to increase the level of services for the developmentally disabled without increasing state expenditures.

Your Committee, therefore, finds that the review, evaluation and implementation of the recommendation would enhance services to the developmentally disabled population.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 82 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1285 Human Services on S.R. No. 88

The purpose of this resolution is to request that the Department of Social Services and Housing (DSSH), the Department of Health (DOH), and Department of Education (DOE) to review, evaluate, and implement the recommendations made in the report entitled "The Utilization of Medicaid on Behalf of Developmentally Disabled Citizens".

Your Committee finds that the State Planning Council on Developmental Disabilities which is responsible for encouraging efficient and coordinated use of federal, state, and private resources in services for the developmentally disabled, contracted for a report on Hawaii's utilization of Medicaid for this population.

Your Committee, upon review of all testimonies, finds that the recommendations offered in this report provide mechanisms to increase the level of services for the developmentally disabled without increasing state expenditures.

Your Committee, therefore, finds that the review, evaluation and implementation of the recommendation would enhance services to the developmentally disabled population.

Your Committee on Human Services concurs with the intent and purpose of S.R. No. 88 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1286 Agriculture, Energy and Ocean Resources on S.C.R. No. 58

The purpose of this concurrent resolution is to develop plans for a state organization which will have more effective control over state functions and activities relating to the ocean.

Your Committee received testimony expressing concern that the present language would restrict the scope of the study to the creation of a new department or agency. Earlier studies (LRB Report 3, 1982, Marine Resources and Aquaculture Programs in the State of Hawaii; and LRB Report 1987, Compendium of State Ocean and Marine Related Policies) have defined areas of jurisdictional and policy overlap between the various state agencies, and recommended against the creation of a new department of marine resources. Your Committee has therefore amended this concurrent resolution by deleting the second "BE IT RESOLVED" paragraph and including three additional "BE IT FURTHER RESOLVED" paragraphs to address these concerns while maintaining the original intent of this concurrent resolution.

The additional paragraphs shall read:

"BE IT FURTHER RESOLVED that if creation of a new department or agency is found not to be feasible that the Department of Planning and Economic Development, through its Ocean Resources Branch, shall investigate and recommend more effective ways to implement the mandates as set forth in section 201-13, Hawaii Revised Statutes, including but not limited to an analyses of anticipated needs for increased authority or resources; and

BE IT FURTHER RESOLVED that the Department of Planning and Economic Development involve the Marine Affairs Advisor, and representatives from other related state departments, legislative agencies, the University of Hawaii, environmental groups, and appropriate members from the private sector in the preparation of this report; and

BE IT FURTHER RESOLVED that if it is deemed that a complete reorganization resulting in a new department or agency is necessary, then the Department of Planning and Economic Development shall report the findings and recommendations, including proposed implementing

legislation, to the Legislature not later than twenty days before the convening of the Regular Session of 1989; provided that if only internal reorganization or programmatic strengthening within the existing Department of Land and Natural Resources is deemed appropriate, then the report shall be due to the Legislature not later than twenty days before the convening of the Regular Session of 1988; and"

The purpose of these amendments is to grant the Department of Planning and Economic Development Ocean Resources Branch the flexibility to more effectively carry out the intent and purpose of this concurrent resolution without being limited to forming a new department or agency.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.C.R. No. 58, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 58, S.D. 1.

Signed by all members of the Committee except Senators Holt and Young.

SCRep. 1287 Agriculture, Energy and Ocean Resources on S.R. No. 71

The purpose of this resolution is to develop plans for a state organization which will have more effective control over state functions and activities relating to the ocean.

Your Committee received testimony expressing concern that the present language would restrict the scope of the study to the creation of a new department or agency. Earlier studies (LRB Report 3, 1982, Marine Resources and Aquaculture Programs in the State of Hawaii; and LRB Report 1987, Compendium of State Ocean and Marine Related Policies) have defined areas of jurisdictional and policy overlap between the various state agencies, and recommended against the creation of a new department of marine resources. Your Committee has therefore amended this resolution by deleting the second "BE IT RESOLVED" paragraph and including three additional "BE IT FURTHER RESOLVED" paragraphs to address these concerns while maintaining the original intent of this resolution.

The additional paragraphs shall read:

"BE IT FURTHER RESOLVED that if creation of a new department or agency is found not to be feasible that the Department of Planning and Economic Development, through its Ocean Resources Branch, shall investigate and recommend more effective ways to implement the mandates as set forth in section 201-13, Hawaii Revised Statutes, including but not limited to an analyses of anticipated needs for increased authority or resources; and

BE IT FURTHER RESOLVED that the Department of Planning and Economic Development involve the Marine Affairs Advisor, and representatives from other related state departments, legislative agencies, the University of Hawaii, environmental groups, and appropriate members from the private sector in the preparation of this report; and

BE IT FURTHER RESOLVED that if it is deemed that a complete reorganization resulting in a new department or agency is necessary, then the Department of Planning and Economic Development shall report the findings and recommendations, including proposed implementing legislation, to the Legislature not later than twenty days before the convening of the Regular Session of 1989; provided that if only internal reorganization or programmatic strengthening within the existing Department of Land and Natural Resources is deemed appropriate, then the report shall be due to the Legislature not later than twenty days before the convening of the Regular Session of 1988; and"

The purpose of these amendments is to grant the Department of Planning and Economic Development Ocean Resources Branch the flexibility to more effectively carry out the intent and purpose of this resolution without being limited to forming a new department or agency.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.R. No. 71, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 71, S.D. 1.

Signed by all members of the Committee except Senators Holt and Young.

SCRep. 1288 Agriculture, Energy and Ocean Resources on S.C.R. No. 100

The purpose of this concurrent resolution is to assert certain states rights and responsibilities over the ocean and submerged lands within the 200 mile Exclusive Economic Zone (EEZ), and to demand full partnership with the federal government in the management of these zones.

In 1983, the United States proclaimed internationally recognized sovereign rights over all living and nonliving resources within the EEZ which is the area within a 200 mile radius of the nation's coasts.

Your Committee finds that the present jurisdictional and regulatory framework for ownership and control of ocean resources does not take into account the direct and inherent rights and responsibilities coastal states have in the protection, conservation, and development of the EEZ, and given the coastal states' proximity to and reliance on the sea, and the extent to which development of marine resources within the EEZ will affect their environment and economy, it is neither feasible nor desirable for the federal government to attempt to represent all of the public interests in ocean activities.

Therefore, the State of Hawaii must be made a full partner in the decision-making and management of EEZ activities and share in an equitable division of benefits derived from their development of resources therein.

Your Committee has amended this concurrent resolution by:

- (1) Changing the final phrase in the fifth "WHEREAS" clause to read: "...making shared decision-making 'difficult' and revenue sharing next to impossible...";
- (2) Changing the ninth "WHEREAS" clause to read in part: "...ensuring that they receive an equitable share of the associated governmental proceeds derived from the development of ocean resources;"; and
- (3) Changing references in the final two "BE IT RESOLVED" clauses to include "all coastal states," and not just "western coastal states."

These amendments will serve to clarify the intent of the concurrent resolution and to insure that all coastal states will be made aware of and afforded the opportunity to participate in this important issue.

Your Committee received testimony in support of this concurrent resolution from the Department of Planning and Economic Development, and the University of Hawaii's Center for Ocean Resources Technology.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.C.R. No. 100, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 100, S.D.I.

Signed by all members of the Committee except Senators Holt and Young.

SCRep. 1289

Agriculture, Energy and Ocean Resources on S.R. No. 109

The purpose of this resolution is to assert certain states rights and responsibilities over the ocean and submerged lands within the 200 mile Exclusive Economic Zone (EEZ), and to demand full partnership with the federal government in the management of these zones.

In 1983, the United States proclaimed internationally recognized sovereign rights over all living and nonliving resources within the EEZ which is the area within a 200 mile radius of the nation's coasts.

Your Committee finds that the present jurisdictional and regulatory framework for ownership and control of ocean resources does not take into account the direct and inherent rights and responsibilities coastal states have in the protection, conservation, and development of the EEZ, and given the coastal states' proximity to and reliance on the sea, and the extent to which development of marine resources within the EEZ will affect their environment and economy, it is neither feasible nor desirable for the federal government to attempt to represent all of the public interests in ocean activities.

Therefore, the State of Hawaii must be made a full partner in the decision-making and management of EEZ activities and share in an equitable division of benefits derived from their development of resources therein.

Your Committee has amended this resolution by:

- (1) Changing the final phrase in the fifth "WHEREAS" clause to read: "...making shared decision-making 'difficult' and revenue sharing next to impossible...";
- (2) Changing the ninth "WHEREAS" clause to read in part: "...ensuring that they receive

an equitable share of the associated governmental proceeds derived from the development of ocean resources;"and

- (3) Changing references in the final two "BE IT RESOLVED" clauses to include "all coastal states," and not just "western coastal states."

These amendments will serve to clarify the intent of the resolution and to insure that all coastal states will be made aware of and afforded the opportunity to participate in this important issue.

Your Committee received testimony in support of this resolution from the Department of Planning and Economic Development, and the University of Hawaii's Center for Ocean Resources Technology.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.R. No. 109, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 109, S.D.1.

Signed by all members of the Committee except Senators Holt and Young.

SCRep. 1290 Agriculture, Energy and Ocean Resources on S.C.R. No. 103

The purpose of this concurrent resolution is to request the Governor's appointed task force to expeditiously seek alternatives to the closing of the Waialua Sugar Company and to study Hawaii's sugar industry.

Your Committee received testimony from the Department of Land and Natural Resources and the College of Tropical Agriculture and Human Resources at the University of Hawaii in support of this concurrent resolution.

Your Committee finds that the closing of Waialua Sugar Company will not only have a serious impact on the entire north shore community of Oahu, but may result in prime agricultural land falling into disuse. Your Committee further finds that research is needed to ensure a good base of information to assess the impact of the Company's closing on Hawaii's sugar industry. For these reasons, your Committee believes that decisive action is needed to ensure the well being and future of Hawaii.

Your Committee has amended this concurrent resolution by making technical changes which have no substantive effect to conform to recommended drafting style.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.C.R. No. 103, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 103, S.D. 1.

Signed by all members of the Committee except Senators Holt and Young.

SCRep. 1291 Agriculture, Energy and Ocean Resources on S.R. No. 112

The purpose of this resolution is to request the Governor's appointed task force to expeditiously seek alternatives to the closing of the Waialua Sugar Company and to study Hawaii's sugar industry.

Your Committee received testimony from the Department of Land and Natural Resources and the College of Tropical Agriculture and Human Resources at the University of Hawaii in support of this resolution.

Your Committee finds that the closing of Waialua Sugar Company will not only have a serious impact on the entire north shore community of Oahu, but may result in prime agricultural land falling into disuse. Your Committee further finds that research is needed to ensure a good base of information to assess the impact of the Company's closing on Hawaii's sugar industry. For these reasons, your Committee believes that decisive action is needed to ensure the well being and future of Hawaii.

Your Committee has amended this resolution by making technical changes which have no substantive effect to conform to recommended drafting style.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.R. No. 112, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as S.R. No. 112, S.D. 1.

Signed by all members of the Committee except Senators Holt and Young.

SCRep. 1292 Agriculture, Energy and Ocean Resources on S.C.R. No. 104

The purpose of this concurrent resolution is to urge Hawaii's Congressional Delegation to support the restoration of funding for the regional aquaculture centers program in the United States Department of Agriculture (USDA).

Hawaii, through the leadership of its Congressional Delegation and with strong support from private, non-profit and state agencies, was designated one of four regional aquaculture centers around the United States. The Hawaii Center will focus on tropical and sub-tropical species and serve Hawaii and U.S. affiliated islands in the Pacific. The USDA regional center program received a total start-up appropriation of three million dollars; however, no continuation monies are being requested by the Reagan Administration for the coming fiscal year.

Your Committee received testimony from the Board of Land and Natural Resources and the College of Tropical Agriculture and Human Resources with the University of Hawaii strongly supporting this concurrent resolution.

Your Committee finds that the regional centers program will contribute research results and extension teaching to further the development of viable aquaculture industries in Hawaii, the American Pacific, and the nation.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.C.R. No. 104 and recommends its adoption.

Signed by all members of the Committee except Senators Holt and Young.

SCRep. 1293 Agriculture, Energy and Ocean Resources on S.R. No. 113

The purpose of this resolution is to urge Hawaii's Congressional Delegation to support the restoration of funding for the regional aquaculture centers program in the United States Department of Agriculture (USDA).

Hawaii, through the leadership of its Congressional Delegation and with strong support from private, non-profit and state agencies, was designated one of four regional aquaculture centers around the United States. The Hawaii Center will focus on tropical and sub-tropical species and serve Hawaii and U.S. affiliated islands in the Pacific. The USDA regional center program received a total start-up appropriation of three million dollars; however, no continuation monies are being requested by the Reagan Administration for the coming fiscal year.

Your Committee received testimony from the Board of Land and Natural Resources and the College of Tropical Agriculture and Human Resources with the University of Hawaii strongly supporting this resolution.

Your Committee finds that the regional centers program will contribute research results and extension teaching to further the development of viable aquaculture industries in Hawaii, the American Pacific, and the nation.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.R. No. 113 and recommends its adoption.

Signed by all members of the Committee except Senators Holt and Young.

SCRep. 1294 Agriculture, Energy and Ocean Resources on S.C.R. No. 175

The purpose of this concurrent resolution is to request the support of Hawaii's congressional delegation for legislation and other programs to control the plastic and net pollution of our oceans.

Plastic pollution in its various forms, including lost fishing nets, cause damage to marine life in general, and to aquatic life managed, protected, and conserved under law. Floating plastic rubbish is a major source of beach pollution in Hawaii and throughout the Pacific. Monofilament nets, nylon ropes, and other miscellaneous plastic containers and products have an extremely long life before being degraded in the ocean, and has become a frequent hazard to navigating ships.

This concurrent resolution urges support for the elimination of pollution in the ocean and specifically urges support for H.R. 940, "Plastic Pollution Research and Control Act, Annex V, Regulations for the Prevention of Pollution by Garbage from Ships, relating to the International

Convention for the Prevention of Pollution from Ships, 1973," presently before the United States Congress. The concurrent resolution also attempts to solve the pollution problem through educational programs at various government agencies.

Your Committee has amended the concurrent resolution by:

- (1) Broadening the scope of government agencies which are encouraged by Hawaii's congressional delegation to further the intent and purposes of this concurrent resolution;
- (2) Urging ocean pollution issues in educational programs provided by the Department of Education and the Department of Land and Natural Resources (DLNR);
- (3) Providing copies of this concurrent resolution to the Chairperson of the Board of Education, the Chairperson of the Board of Land and Natural Resources, and the U.S. Coast Guard; and
- (4) Making technical changes which have no substantive effect.

Your Committee received testimony in support of this concurrent resolution from the DLNR, Department of Transportation, Jack Davidson of Sea Grant, City Councilwoman Marilyn Bornhorst, Safe Solutions, Sierra Club, Hilde Cherry, Eryn Moss, Reid Withrow of the Waikiki Aquarium, Sherwood Maynard of the UH Marine Option Program, and Meena Sachdeva.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.C.R. No. 175, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 175, S.D. 1.

Signed by all members of the Committee except Senators Holt and Young.

SCRep. 1295 Agriculture, Energy and Ocean Resources on S.R. No. 189

The purpose of this resolution is to request the support of Hawaii's congressional delegation for legislation and other programs to control the plastic and net pollution of our oceans.

Plastic pollution in its various forms, including lost fishing nets, cause damage to marine life in general, and to aquatic life managed, protected, and conserved under law. Floating plastic rubbish is a major source of beach pollution in Hawaii and throughout the Pacific. Monofilament nets, nylon ropes, and other miscellaneous plastic containers and products have an extremely long life before being degraded in the ocean, and has become a frequent hazard to navigating ships.

This resolution urges support for the elimination of pollution in the ocean and specifically urges support for H.R. 940, "Plastic Pollution Research and Control Act, Annex V, Regulations for the Prevention of Pollution by Garbage from Ships, relating to the International Convention for the Prevention of Pollution from Ships, 1973," presently before the United States Congress. The resolution also attempts to solve the pollution problem through educational programs at various government agencies.

Your Committee has amended the resolution by:

- (1) Broadening the scope of government agencies which are encouraged by Hawaii's congressional delegation to further the intent and purposes of this resolution;
- (2) Urging ocean pollution issues in educational programs provided by the Department of Education and the Department of Land and Natural Resources (DLNR);
- (3) Providing copies of this resolution to the Chairperson of the Board of Education, the Chairperson of the Board of Land and Natural Resources, and the U.S. Coast Guard; and
- (4) Making technical changes which have no substantive effect.

Your Committee received testimony in support of this resolution from the DLNR, Department of Transportation, Jack Davidson of Sea Grant, City Councilwoman Marilyn Bornhorst, Safe Solutions, Sierra Club, Hilde Cherry, Eryn Moss, Reid Withrow of the Waikiki Aquarium, Sherwood Maynard of the UH Marine Option Program, and Meena Sachdeva.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.R. No. 189, as amended herein, and recommends its adoption in the form attached

hereto as S.R. No. 189, S.D. 1.

Signed by all members of the Committee except Senators Holt and Young.

SCRep. 1296 Agriculture, Energy and Ocean Resources on S.C.R. No. 176

The purpose of this concurrent resolution is to assess the marketing needs of Hawaii's agricultural export products to expand the Mainland and foreign markets, and to explore the viability of a long-range strategic marketing plan.

Your Committee heard testimony from the Department of Planning and Economic Development, the Governor's Agricultural Coordinating Committee, and the College of Tropical Agriculture and Human Resources in favor of the concurrent resolution. Marketing and promotion of agricultural products tends to be conducted on a product by product basis. The opportunity should be provided to look at the overall marketing function in terms of the utilization of complementary factors between products, promotional methods, and between agriculture and the tourist industry.

The Governor's Agriculture Coordinating Committee (GACC) was established to provide the systematic, comprehensive planning, priority setting, and the coordinated implementation of actions required to foster Hawaii's agriculture. The GACC has been very successful in developing analyses and action plans for individual commodities. The GACC has on its agenda the development of analyses and action plans for factors, such as marketing, which transcend individual commodities and is therefore the appropriate body to guide the development of a strategic marketing plan for Hawaii's agricultural products.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.C.R. No. 176 and recommends its adoption.

Signed by all members of the Committee except Senators Holt and Young.

SCRep. 1297 Agriculture, Energy and Ocean Resources on S.R. No. 190

The purpose of this resolution is to assess the marketing needs of Hawaii's agricultural export products to expand the Mainland and foreign markets, and to explore the viability of a long-range strategic marketing plan.

Your Committee heard testimony from the Department of Planning and Economic Development, the Governor's Agricultural Coordinating Committee, and the College of Tropical Agriculture and Human Resources in favor of the resolution. Marketing and promotion of agricultural products tends to be conducted on a product by product basis. The opportunity should be provided to look at the overall marketing function in terms of the utilization of complementary factors between products, promotional methods, and between agriculture and the tourist industry.

The Governor's Agriculture Coordinating Committee (GACC) was established to provide the systematic, comprehensive planning, priority setting, and the coordinated implementation of actions required to foster Hawaii's agriculture. The GACC has been very successful in developing analyses and action plans for individual commodities. The GACC has on its agenda the development of analyses and action plans for factors, such as marketing, which transcend individual commodities and is therefore the appropriate body to guide the development of a strategic marketing plan for Hawaii's agricultural products.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.R. No. 190 and recommends its adoption.

Signed by all members of the Committee except Senators Holt and Young.

SCRep. 1298 Agriculture, Energy and Ocean Resources on S.C.R. No. 178

The purpose of this concurrent resolution is to support the efforts of the American land-grant institutions in the American Pacific and Hawaii to secure new and additional resources to address agriculture and human resource development problems unique to the region.

Your Committee finds that economic growth and stability in the Pacific Islands is one of the best ways to counter intervention by foreign powers in the region, and agriculture and tourism provide the most effective means to greater economic self-sufficiency. The directors of the colleges of agriculture of the land-grant institutions in the Pacific all agree that it would be more efficient to address problems on a regionally coordinated basis. Accordingly, a proposal has been submitted to Hawaii's congressional delegation to help secure the support and

necessary funding through an appropriate federal agency.

Dean N. P. Kefford of the College of Tropical Agriculture and Human Resources, University of Hawaii, testified that the College accepts the responsibility to coordinate the development of a sound program and the effective use of resources.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.C.R. No. 178 and recommends its adoption.

Signed by all members of the Committee except Senators Holt and Young.

SCRep. 1299 Agriculture, Energy and Ocean Resources on S.R. No. 192

The purpose of this resolution is to support the efforts of the American land-grant institutions in the American Pacific and Hawaii to secure new and additional resources to address agriculture and human resource development problems unique to the region.

Your Committee finds that economic growth and stability in the Pacific Islands is one of the best ways to counter intervention by foreign powers in the region, and agriculture and tourism provide the most effective means to greater economic self-sufficiency. The directors of the colleges of agriculture of the land-grant institutions in the Pacific all agree that it would be more efficient to address problems on a regionally coordinated basis. Accordingly, a proposal has been submitted to Hawaii's congressional delegation to help secure the support and necessary funding through an appropriate federal agency.

Dean N. P. Kefford of the College of Tropical Agriculture and Human Resources, University of Hawaii, testified that the College accepts the responsibility to coordinate the development of a sound program and the effective use of resources.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.R. No. 192 and recommends its adoption.

Signed by all members of the Committee except Senators Holt and Young.

SCRep. 1300 (Joint) Agriculture, Energy and Ocean Resources and Planning and Environment on S.C.R. No. 180

The purpose of this concurrent resolution is to request the Department of Agriculture (DOA), with the assistance of the Los Angeles Agricultural Commission, to evaluate its current program of inspection and grading of produce, feed, eggs, poultry and meat products, and its pesticide enforcement and plant quarantine projects.

The Los Angeles County, in California, has a comprehensive and effective system of inspection, enforcement and quarantine of agricultural products. The Commissioner's Office has expressed a willingness to advise the DOA and exchange information about their system of monitoring and controlling pesticide use, fruit, vegetable, and egg quality control, plant pathology and pest prevention to protect the public health and safety.

The Chairperson of the DOA testified that the Department will work with the Los Angeles County Agricultural Commission to review the procedures of the Commission and evaluate them for their applicability to Hawaii's situation. The DOA will submit its findings and recommendations to the Legislature prior to the convening of the Regular Session of 1988.

Your Committees find that a coordinated effort between the DOA and the Los Angeles County Agricultural Commission should be able to develop an effective program to enhance the inspection and enforcement process in Hawaii.

Your Committees on Agriculture, Energy and Ocean Resources and Planning and Environment concur with the intent and purpose of S.C.R. No. 180 and recommend its adoption.

Signed by all members of the Committees except Senators Nakasato, Holt and Young.

SCRep. 1301 (Joint) Agriculture, Energy and Ocean Resources and Planning and Environment on S.R. No. 194

The purpose of this resolution is to request the Department of Agriculture (DOA), with the assistance of the Los Angeles Agricultural Commission, to evaluate its current program of inspection and grading of produce, feed, eggs, poultry and meat products, and its pesticide enforcement and plant quarantine projects.

The Los Angeles County, in California, has a comprehensive and effective system of inspection, enforcement and quarantine of agricultural products. The Commissioner's Office has expressed a willingness to advise the DOA and exchange information about their system of monitoring and controlling pesticide use, fruit, vegetable, and egg quality control, plant pathology and pest prevention to protect the public health and safety.

The Chairperson of the DOA testified that the Department will work with the Los Angeles County Agricultural Commission to review the procedures of the Commission and evaluate them for their applicability to Hawaii's situation. The DOA will submit its findings and recommendations to the Legislature prior to the convening of the Regular Session of 1988.

Your Committees find that a coordinated effort between the DOA and the Los Angeles County Agricultural Commission should be able to develop an effective program to enhance the inspection and enforcement process in Hawaii.

Your Committees on Agriculture, Energy and Ocean Resources and Planning and Environment concur with the intent and purpose of S.R. No. 194 and recommend its adoption.

Signed by all members of the Committees except Senators Nakasato, Holt and Young.

SCRep. 1302 Agriculture, Energy and Ocean Resources on S.C.R. No. 181

The purpose of this concurrent resolution is to urge Hawaii's delegation to the Congress of the United States to oppose any imposition of an oil import fee or quota on crude oil and petroleum products.

Your Committee finds that concern for the country's trade imbalance and national security has led to proposals in Congress for restrictive import legislation and an amendment to Section 232 of the Trade Expansion Act.

Your Committee further finds that, while an import fee may seem to be a means to address our nation's trade imbalance, imposition of such a fee would have a disproportionately severe impact on Hawaii's economy due to our unique geographic location and dependence on oil for energy. An import fee would significantly raise the cost of energy for Hawaii's residents and visitors alike. The visitor industry would have a cost disadvantage in comparison with other states. The export businesses would be compelled to raise its prices and foreign competitors not subject to the effect of import fees would gain an economic edge.

Your Committee received testimony in support of this concurrent resolution from the Department of Commerce and Consumer Affairs, the Department of Planning and Economic Development, Hawaii Independent Refinery, the Chamber of Commerce of Hawaii and the Hawaiian Electric Company and its subsidiaries.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.C.R. No. 181 and recommends its adoption.

Signed by all members of the Committee except Senators Holt and Young.

SCRep. 1303 Agriculture, Energy and Ocean Resources on S.R. No. 196

The purpose of this resolution is to urge Hawaii's delegation to the Congress of the United States to oppose any imposition of an oil import fee or quota on crude oil and petroleum products.

Your Committee finds that concern for the country's trade imbalance and national security has led to proposals in Congress for restrictive import legislation and an amendment to Section 232 of the Trade Expansion Act.

Your Committee further finds that, while an import fee may seem to be a means to address our nation's trade imbalance, imposition of such a fee would have a disproportionately severe impact on Hawaii's economy due to our unique geographic location and dependence on oil for energy. An import fee would significantly raise the cost of energy for Hawaii's residents and visitors alike. The visitor industry would have a cost disadvantage in comparison with other states. The export businesses would be compelled to raise its prices and foreign competitors not subject to the effect of import fees would gain an economic edge.

Your Committee received testimony in support of this resolution from the Department of Commerce and Consumer Affairs, the Department of Planning and Economic Development, Hawaii Independent Refinery, the Chamber of Commerce of Hawaii and the Hawaiian Electric Company and its subsidiaries.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.R. No. 196 and recommends its adoption.

Signed by all members of the Committee except Senators Holt and Young.

SCRep. 1304 (Joint) Military and Civil Defense and Transportation on S.C.R. No. 93

The purpose of this concurrent resolution is to create a Committee on Abandoned and Derelict Vehicles, comprised of representatives from the Federal, State, and City and County of Honolulu governments, to examine alternative solutions to reduce the number of abandoned and derelict vehicles on Oahu.

The City and County of Honolulu currently is charged with the removal of abandoned or derelict vehicles and meets with members of various community groups when requested to discuss problems of unwanted vehicles.

Your Committees are aware of the serious nature of this problem, especially on Oahu, and further find that cooperative efforts by all government sectors is essential in developing viable alternative solutions for reducing the growing problem of abandoned and derelict vehicles on Oahu.

Your Committees have amended this concurrent resolution by adding the words "or authorized representative" in the first BE IT FURTHER RESOLVED paragraph on page 2. This amendment will allow for the Director, Department of Finance, City and County of Honolulu, to appoint a representative to chair the Committee in the absence of the Director.

Your Committees on Military and Civil Defense and Transportation concur with the intent and purpose of S.R. No. 93, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 93, S.D. 1.

Signed by all members of the Committees.

SCRep. 1305 (Joint) Military and Civil Defense and Transportation on S.R. No. 101

The purpose of this resolution is to create a Committee on Abandoned and Derelict Vehicles, comprised of representatives from the Federal, State, and City and County of Honolulu governments, to examine alternative solutions to reduce the number of abandoned and derelict vehicles on Oahu.

The City and County of Honolulu currently is charged with the removal of abandoned or derelict vehicles and meets with members of various community groups when requested to discuss problems of unwanted vehicles.

Your Committees are aware of the serious nature of this problem, especially on Oahu, and further find that cooperative efforts by all government sectors is essential in developing viable alternative solutions for reducing the growing problem of abandoned and derelict vehicles on Oahu.

Your Committees have amended this resolution by adding the words "or authorized representative" in the first BE IT FURTHER RESOLVED paragraph on page 2. This amendment will allow for the Director, Department of Finance, City and County of Honolulu, to appoint a representative to chair the Committee in the absence of the Director.

Your Committees on Military and Civil Defense and Transportation concur with the intent and purpose of S.R. No. 101, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 101, S.D. 1.

Signed by all members of the Committees.

SCRep. 1306 Health on S.C.R. No. 112

The purpose of this concurrent resolution is to request the Department of Health to report on the administrative actions taken to provide the Waianae Mental Health Center with the resources to demonstrate center-based responsibility and authority for the provision of inpatient services, whether provided at the State Hospital or at community based facilities.

The Department would also be requested to submit a plan and a budget to implement these actions, specifying funds that are to be reallocated and anticipated requests for additional funding, if necessary.

The current Alcohol, Drug Abuse and Mental Health Statewide Plan calls for the development of alternatives to hospitalization and identifies the Waianae Mental Health Center as the pilot site. However, the Center presently lacks adequate resources to provide the necessary services and faces the dilemma of dealing with clients who may be forced into the State Hospital, contrary to state and legislative objectives of deinstitutionalization and placement of mental health services with the community mental health centers. This would additionally jeopardize the receipt of Robert Wood Johnson Grant funds which are predicated upon the development of fiscal incentives to provide alternatives to hospitalization.

Your Committee received supporting testimony from the Director of Health and others and finds that this concurrent resolution would provide mental health centers with motivation and incentives to design and implement alternative programs to maintain chronic and seriously mentally ill patients in the community and minimize the frequency of their admissions to the State Hospital, as well as their lengths of stay in the hospital. In addition, this concurrent resolution would put Hawaii in line for Robert Wood Johnson funds and would provide experience which would be beneficial to other mental health centers involved in similar efforts.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 112 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1307

Health on S.R. No. 122

The purpose of this resolution is to request the Department of Health to report on the administrative actions taken to provide the Waianae Mental Health Center with the resources to demonstrate center-based responsibility and authority for the provision of inpatient services, whether provided at the State Hospital or at community based facilities.

The Department would also be requested to submit a plan and a budget to implement these actions, specifying funds that are to be reallocated and anticipated requests for additional funding, if necessary.

The current Alcohol, Drug Abuse and Mental Health Statewide Plan calls for the development of alternatives to hospitalization and identifies the Waianae Mental Health Center as the pilot site. However, the Center presently lacks adequate resources to provide the necessary services and faces the dilemma of dealing with clients who may be forced into the State Hospital, contrary to state and legislative objectives of deinstitutionalization and placement of mental health services with the community mental health centers. This would additionally jeopardize the receipt of Robert Wood Johnson Grant funds which are predicated upon the development of fiscal incentives to provide alternatives to hospitalization.

Your Committee received supporting testimony from the Director of Health and others and finds that this resolution would provide mental health centers with motivation and incentives to design and implement alternative programs to maintain chronic and seriously mentally ill patients in the community and minimize the frequency of their admissions to the State Hospital, as well as their lengths of stay in the hospital. In addition, this resolution would put Hawaii in line for Robert Wood Johnson funds and would provide experience which would be beneficial to other mental health centers involved in similar efforts.

Your Committee on Health concurs with the intent and purpose of S.R. No. 122 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1308

Health on S.C.R. No. 108

The purpose of this concurrent resolution is to request the Department of Health to continue studying the problem of medical indigency in Hawaii. The Department of Social Services and Housing would also be requested to assess the reasons for the decrease in the number of Medicaid recipients in Hawaii over the past several years, in light of the increase in the overall population of the State.

Traditionally, hospitals have had to subsidize care provided to medically indigent (uninsured) persons by cost-shifting to privately insured and private paying patients. However, more and more they are unable to do so because Medicare and Medicaid payments to hospitals are now capped with shrinking reimbursement levels and many private payers are using alternative and negotiated payment systems. Furthermore, a recent report indicated that the number of uninsured persons in Hawaii has risen from two percent of the population in 1978 to at least five percent in 1987.

Your Committee received supporting testimony from the Department of Health, the Director of Social Services and Housing, Healthcare Association of Hawaii, the State Health Planning and Development Agency, and others, and finds that a substantial amount of health care is provided in Hawaii without compensation. While it is true that Hawaii generally enjoys good health, in large part due to its unique prepaid health care program, there is a need to validate assumptions about the estimated uninsured population and the scope of Hawaii's medical indigency problems so that the appropriate agencies and the legislature may avert potential crises and achieve the objective of providing satisfactory health care to all the people.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 108 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1309 Health on S.R. No. 118

The purpose of this resolution is to request the Department of Health to continue studying the problem of medical indigency in Hawaii. The Department of Social Services and Housing would also be requested to assess the reasons for the decrease in the number of Medicaid recipients in Hawaii over the past several years, in light of the increase in the overall population of the State.

Traditionally, hospitals have had to subsidize care provided to medically indigent (uninsured) persons by cost-shifting to privately insured and private paying patients. However, more and more they are unable to do so because Medicare and Medicaid payments to hospitals are now capped with shrinking reimbursement levels and many private payers are using alternative and negotiated payment systems. Furthermore, a recent report indicated that the number of uninsured persons in Hawaii has risen from two percent of the population in 1978 to at least five percent in 1987.

Your Committee received supporting testimony from the Department of Health, the Director of Social Services and Housing, Healthcare Association of Hawaii, the State Health Planning and Development Agency, and others, and finds that a substantial amount of health care is provided in Hawaii without compensation. While it is true that Hawaii generally enjoys good health, in large part due to its unique prepaid health care program, there is a need to validate assumptions about the estimated uninsured population and the scope of Hawaii's medical indigency problems so that the appropriate agencies and the legislature may avert potential crises and achieve the objective of providing satisfactory health care to all the people.

Your Committee on Health concurs with the intent and purpose of S.R. No. 118 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1310 Health on S.C.R. No. 159

The purpose of this concurrent resolution is to request the Department of Personnel Services, in cooperation and consultation with the Department of Education, the Department of Health, and other appropriate private and public agencies and physical therapy organizations, to conduct a study to explore ways and means to remedy the serious shortage of physical therapists employed by the State, particularly in the schools, and to implement solutions for filling physical therapy vacancies.

The demand for physical therapists has steadily increased and is expected to continue increasing in the future. Some of the problems inhibiting the State's ability to recruit and retain qualified physical therapists include low salaries compared to the private sector, insufficient working conditions, lack of local training, and an apparent lack of desire of applicants to work with long-term cases which constitute the bulk of the State's clientele. In addition, there appears to be a nationwide shortage of trained personnel which has been estimated by the American Physical Therapy Association as providing only one employee for every two positions.

Your Committee received testimony from the Director of Health, the Director of Personnel Services, and the Superintendent of Education, and finds that the agencies have been seeking solutions to the problem without success. On the other hand, although such efforts attempt to cope with recruitment problems, a comprehensive study has not been performed which would provide recommendations and alternatives to remedy or at least alleviate the recruitment problem. This study would provide vital information and coordination necessary to effectively address the problem.

However, your Committee agrees with the Director of Personnel Services that the concerns expressed by this concurrent resolution should be addressed by the employers of physical therapists who determine the nature and extent of the need for physical therapists now and in the future. Therefore, your Committee has amended this concurrent resolution by designating the Department of Health to do the study, in conjunction with the other agencies previously named.

Your Committee on Health 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. 1311 Health on S.R. No. 170

The purpose of this resolution is to request the Department of Personnel Services, in cooperation and consultation with the Department of Education, the Department of Health, and other appropriate private and public agencies and physical therapy organizations, to conduct a study to explore ways and means to remedy the serious shortage of physical therapists employed by the State, particularly in the schools, and to implement solutions for filling physical therapy vacancies.

The demand for physical therapists has steadily increased and is expected to continue increasing in the future. Some of the problems inhibiting the State's ability to recruit and retain qualified physical therapists include low salaries compared to the private sector, insufficient working conditions, lack of local training, and an apparent lack of desire of applicants to work with long-term cases which constitute the bulk of the State's clientele. In addition, there appears to be a nationwide shortage of trained personnel which has been estimated by the American Physical Therapy Association as providing only one employee for every two positions.

Your Committee received testimony from the Director of Health, the Director of Personnel Services, and the Superintendent of Education, and finds that the agencies have been seeking solutions to the problem without success. On the other hand, although such efforts attempt to cope with recruitment problems, a comprehensive study has not been performed which would provide recommendations and alternatives to remedy or at least alleviate the recruitment problem. This study would provide vital information and coordination necessary to effectively address the problem.

However, your Committee agrees with the Director of Personnel Services that the concerns expressed by this resolution should be addressed by the employers of physical therapists who determine the nature and extent of the need for physical therapists now and in the future. Therefore, your Committee has amended this resolution by designating the Department of Health to do the study, in conjunction with the other agencies previously named.

Your Committee on Health concurs with the intent and purpose of S.R. No. 170, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 170, S.D. 1.

Signed by all members of the Committee.

SCRep. 1312 Transportation on H.C.R. No. 95

The purpose of this concurrent resolution is to request the Department of Transportation to rename the Lihue Airport in honor and memory of the late Richard A. Kawakami.

Your Committee received testimony from the Department of Transportation emphasizing the importance of retaining geographic names of its airports for the benefit of the air traveller. However, your Committee believes that it is important to recognize and honor the memory of Speaker Kawakami. In this regard, your Committee recommends that the new Lihue passenger terminal building be named after Richard A. Kawakami.

This type of tribute has been used previously to honor other individuals. The main terminal building at the Honolulu International Airport is named in honor of John Rodger and most recently Lieutenant Colonel Ellison Onizuka's memory was distinguished through the designation of the terminal building at Keahole Airport with his name.

Richard A. Kawakami was a great public servant and successful community leader who quietly dedicated the greater portion of his career to serving the people of Kauai and citizens of the State of Hawaii. Your Committee finds that it is most appropriate to name the Lihue Airport Terminal Building in honor of Richard A. Kawakami. In this way, the memory of one of

Kauai's most successful native sons will be perpetuated by both residents and visitors through this most fitting monument.

Your Committee has therefore amended this concurrent resolution to request that the Lihue Airport Terminal Building be named after the late Richard A. Kawakami.

Your Committee on Transportation concurs with the intent and purpose of H.C.R. No. 95, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 95, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1313 Business Development and Pacific Relations on Gov. Msg. No. 87

Recommending that the Senate advise and consent to the nomination of ROGER A. ULVELING as Director of Planning and Economic Development, for a term ending December 3, 1990.

Signed by all members of the Committee except Senators Cobb, Aki and Menor.

SCRep. 1314 Tourism and Recreation on S.C.R. No. 76

The purpose of this concurrent resolution is to request the Tourism Training Council to develop and implement an action plan to coordinate training and educational opportunities for visitor industry workers. The action plan would include (1) appropriate training where it is presently lacking; (2) arrangements whereby work completed at one educational level would be accepted by the next level; and (3) encouragement of education and training programs to be in closer alignment with employer needs in order to provide for the continued career advancement of aspirants in the visitor industry.

Your Committee received supporting testimony from the Chairman of the State Tourism Training Council and the University of Hawaii School of Travel Industry Management and finds that the continued strength and competitiveness of Hawaii as a visitor destination depends not only on the adequacy of infrastructure and amenities but also on the quality of services and the hospitable attitudes of those who serve visitors. This concurrent resolution will advance the objectives of quality service and the Aloha Spirit through career upward mobility for the visitor industry workforce.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.C.R. No. 76 and recommends its adoption.

Signed by all members of the Committee except Senators Aki and Nakasato.

SCRep. 1315 Tourism and Recreation on S.R. No. 84

The purpose of this resolution is to request the Tourism Training Council to develop and implement an action plan to coordinate training and educational opportunities for visitor industry workers. The action plan would include (1) appropriate training where it is presently lacking; (2) arrangements whereby work completed at one educational level would be accepted by the next level; and (3) encouragement of education and training programs to be in closer alignment with employer needs in order to provide for the continued career advancement of aspirants in the visitor industry.

Your Committee received supporting testimony from the Chairman of the State Tourism Training Council and the University of Hawaii School of Travel Industry Management and finds that the continued strength and competitiveness of Hawaii as a visitor destination depends not only on the adequacy of infrastructure and amenities but also on the quality of services and the hospitable attitudes of those who serve visitors. This resolution will advance the objectives of quality service and the Aloha Spirit through career upward mobility for the visitor industry workforce.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.R. No. 84 and recommends its adoption.

Signed by all members of the Committee except Senators Aki and Nakasato.

SCRep. 1316 Tourism and Recreation on S.C.R. No. 106

The purpose of this concurrent resolution is to request the Board of Land and Natural Resources to study the thirty-seven trails removed from the Oahu trail map between 1968 and

1979 to determine the status of government roads, trails, and rights-of-way to state forest reserve lands.

The concurrent resolution also requests the Attorney General to assist with the study by advising the Department of Land and Natural Resources on the legal status of potential public or government claims to those rights and initiating legal actions as may be appropriate.

Your Committee received supporting testimony from the Chairperson of the Board of Land and Natural Resources and the Hawaii Chapter of the Sierra Club and finds that the apparent loss of thirty-seven trails was due to requests from private landowners to exclude trails on their property from the state map to lessen public demands for access through their lands. Therefore, the 1979 map for the most part indicated only those trails over which the Department had jurisdiction or where public access was unimpeded. This concurrent resolution would bring to light public rights of ingress and egress that have for some time been lost or out of use and would ultimately result in increased access to public lands and benefit such activities as hiking, hunting, and other kinds of outdoor recreation that are of major importance to Hawaii's residents and visitors.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.C.R. No. 106 and recommends its adoption.

Signed by all members of the Committee except Senators Aki and Nakasato.

SCRep. 1317 Tourism and Recreation on S.R. No. 115

The purpose of this resolution is to request the Board of Land and Natural Resources to study the thirty-seven trails removed from the Oahu trail map between 1968 and 1979 to determine the status of government roads, trails, and rights-of-way to state forest reserve lands.

The resolution also requests the Attorney General to assist with the study by advising the Department of Land and Natural Resources on the legal status of potential public or government claims to those rights and initiating legal actions as may be appropriate.

Your Committee received supporting testimony from the Chairperson of the Board of Land and Natural Resources and the Hawaii Chapter of the Sierra Club and finds that the apparent loss of thirty-seven trails was due to requests from private landowners to exclude trails on their property from the state map to lessen public demands for access through their lands. Therefore, the 1979 map for the most part indicated only those trails over which the Department had jurisdiction or where public access was unimpeded. This resolution would bring to light public rights of ingress and egress that have for some time been lost or out of use and would ultimately result in increased access to public lands and benefit such activities as hiking, hunting, and other kinds of outdoor recreation that are of major importance to Hawaii's residents and visitors.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.R. No. 115 and recommends its adoption.

Signed by all members of the Committee except Senators Aki and Nakasato.

SCRep. 1318 Tourism and Recreation on S.C.R. No. 134

The purpose of this concurrent resolution is to request the Department of Transportation and the Department of Land and Natural Resources to do a comprehensive study on the current and projected usages of Kaneohe Bay, Oahu, the impact of such usages on the marine environment, and recommended geographic boundaries for planning purposes.

The study would include, but not be limited to, the conservation and management of marine life, unobstructed circulation of seawater between Kaneohe Bay and Kailua, creation of artificial reefs, land acquisition, and recommendations for the master planning of Kaneohe Bay.

Your Committee finds that the heavy, mixed use of our ocean resources, brought about to a great extent by the State's increased resident and tourist populations, has resulted in problems involving water safety, unrestricted commercial activities in recreational areas, and a lack of adequate public facilities. Your Committee further finds that the problems besetting Kaneohe Bay are reflective of the problems encountered at other similar locations throughout the State, and that there is a need for a comprehensive long range master plan for Kaneohe Bay to ensure its proper utilization and to protect Hawaii's natural environment for the pleasure of future generations. Such a plan would also serve as a model for proper planning and development of other state ocean-based recreational areas.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.C.R. No. 134 and recommends its adoption.

Signed by all members of the Committee except Senators Aki and Nakasato.

SCRep. 1319 Tourism and Recreation on S.R. No. 144

The purpose of this resolution is to request the Department of Transportation and the Department of Land and Natural Resources to do a comprehensive study on the current and projected usages of Kaneohe Bay, Oahu, the impact of such usages on the marine environment, and recommended geographic boundaries for planning purposes.

The study would include, but not be limited to, the conservation and management of marine life, unobstructed circulation of seawater between Kaneohe Bay and Kailua, creation of artificial reefs, land acquisition, and recommendations for the master planning of Kaneohe Bay.

Your Committee finds that the heavy, mixed use of our ocean resources, brought about to a great extent by the State's increased resident and tourist populations, has resulted in problems involving water safety, unrestricted commercial activities in recreational areas, and a lack of adequate public facilities. Your Committee further finds that the problems besetting Kaneohe Bay are reflective of the problems encountered at other similar locations throughout the State, and that there is a need for a comprehensive long range master plan for Kaneohe Bay to ensure its proper utilization and to protect Hawaii's natural environment for the pleasure of future generations. Such a plan would also serve as a model for proper planning and development of other state ocean-based recreational areas.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.R. No. 144 and recommends its adoption.

Signed by all members of the Committee except Senators Aki and Nakasato.

SCRep. 1320 Tourism and Recreation on S.C.R. No. 156

The purpose of this concurrent resolution is to request the Department of Planning and Economic Development (DPED) to conduct a comprehensive study and evaluation of the current status of tourism research in the State. The study would include an assessment of existing tourism research programs, an evaluation of the strengths and weaknesses of these programs, and recommendations for improvement. The University of Hawaii School of Travel Industry Management and the Hawaii Visitors Bureau would assist DPED with the study.

Tourism research and primary data collection is currently done by a variety of public and private agencies, including DPED, the U.H. School of Travel Industry Management and the Hawaii Visitors Bureau. In addition, a number of other governmental departments and agencies, educational institutions and many private firms conduct tourism related research.

Your Committee received supporting testimony from DPED and the University of Hawaii and finds that there is a need to balance the demands of tourism, our largest industry, with the quality of life we wish to enjoy. This will entail a strong tourism research program for proper planning and decision making, and an external review of the efforts currently underway would be both timely and beneficial.

Your Committee on Tourism 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 except Senators Aki and Nakasato.

SCRep. 1321 Tourism and Recreation on S.R. No. 166

The purpose of this resolution is to request the Department of Planning and Economic Development (DPED) to conduct a comprehensive study and evaluation of the current status of tourism research in the State. The study would include an assessment of existing tourism research programs, an evaluation of the strengths and weaknesses of these programs, and recommendations for improvement. The University of Hawaii School of Travel Industry Management and the Hawaii Visitors Bureau would assist DPED with the study.

Tourism research and primary data collection is currently done by a variety of public and private agencies, including DPED, the U.H. School of Travel Industry Management and the Hawaii Visitors Bureau. In addition, a number of other governmental departments and agencies, educational institutions and many private firms conduct tourism related research.

Your Committee received supporting testimony from DPED and the University of Hawaii and finds that there is a need to balance the demands of tourism, our largest industry, with the quality of life we wish to enjoy. This will entail a strong tourism research program for proper planning and decision making, and an external review of the efforts currently underway would be both timely and beneficial.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.R. No. 166 and recommends its adoption.

Signed by all members of the Committee except Senators Aki and Nakasato.

SCRep. 1322 Tourism and Recreation on S.C.R. No. 139

The purpose of this concurrent resolution is to request the Department of Planning and Economic Development (DPED) to investigate the feasibility of convening a Pacific Basin Tourism Conference in Hawaii during 1988 to discuss problems, needs, and opportunities relating to the development of tourism throughout the Pacific. The investigation would include an examination of proposals for public-private sector funding of the conference, and DPED would be assisted by the University of Hawaii School of Travel Industry Management, the Hawaii Visitors Bureau, the East-West Center, and the Pacific Basin Development Council.

For many Pacific Basin island nations, tourism represents the greatest potential provider of foreign revenues and, as a pioneer in the development of tourism in the Pacific, Hawaii has much knowledge and expertise that it can share with its Pacific neighbors. This would increase the economic potential of these developing countries and enhance Hawaii's position of leadership in Pacific affairs.

Your Committee received testimony from the School of Travel Industry Management, the Director of Planning and Economic Development, and Kenneth Char, and finds that Hawaii is in a preeminent position to further position itself as a leading source of expertise in such areas as tourism planning, management, marketing, and education and training for exportation to countries in the Pacific. A Pacific Basin conference would help to reinforce this position and would be consistent with the State's objectives relating to tourism and economic development.

Your Committee has amended the concurrent resolution by requesting that the conference be held in 1989, rather than 1988, in order to allow sufficient time to bring the project to fruition.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.C.R. No. 139, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 139, S.D. 1.

Signed by all members of the Committee except Senators Aki and Nakasato.

SCRep. 1323 Tourism and Recreation on S.R. No. 65

The purpose of this resolution is to request the Department of Planning and Economic Development (DPED) to investigate the feasibility of convening a Pacific Basin Tourism Conference in Hawaii during 1988 to discuss problems, needs, and opportunities relating to the development of tourism throughout the Pacific. The investigation would include an examination of proposals for public-private sector funding of the conference, and DPED would be assisted by the University of Hawaii School of Travel Industry Management, the Hawaii Visitors Bureau, the East-West Center, and the Pacific Basin Development Council.

For many Pacific Basin island nations, tourism represents the greatest potential provider of foreign revenues and, as a pioneer in the development of tourism in the Pacific, Hawaii has much knowledge and expertise that it can share with its Pacific neighbors. This would increase the economic potential of these developing countries and enhance Hawaii's position of leadership in Pacific affairs.

Your Committee received testimony from the School of Travel Industry Management, the Director of Planning and Economic Development, and Kenneth Char, and finds that Hawaii is in a preeminent position to further position itself as a leading source of expertise in such areas as tourism planning, management, marketing, and education and training for exportation to countries in the Pacific. A Pacific Basin conference would help to reinforce this position and would be consistent with the State's objectives relating to tourism and economic development.

Your Committee has amended the resolution by requesting that the conference be held in 1989, rather than 1988, in order to allow sufficient time to bring the project to fruition.

Your Committee on Tourism and Recreation 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 except Senators Aki and Nakasato.

SCRep. 1324 Tourism and Recreation on S.C.R. No. 162

The purpose of this concurrent resolution is to urge the Department of Land and Natural Resources (DLNR) to establish game management areas on State lands and private lands through cooperative agreements. DLNR would also be requested to review incentives for private landowners to open their lands for public hunting; compile an inventory of public and private lands suitable for public hunting; review cost implications; and report to the Legislature twenty days prior to the 1988 Regular Session.

DLNR, through its Division of Forestry and Wildlife, has an ongoing program for seeking out new public hunting areas on government and private lands. Over one million acres of public, private, and military lands are currently open to public hunting. Cooperative agreements for public hunting on the islands of Hawaii, Molokai, Lanai, and Kauai provide hunting opportunities in addition to hunting seasons on State Forest Reserve and Game Management Areas. New areas on both public and private lands have been identified for potential hunter recreation.

However, private landowners have been reluctant to open their lands to hunters due to questions of liability or vandalism, or because they have found it more profitable to conduct private commercial hunting programs, or because the State cannot provide the manpower to supervise or patrol areas to their satisfaction.

Your Committee received supporting testimony from DLNR and others and finds that DLNR has actively sought the cooperation of private landholders and has considered incentives such as the construction of facilities for joint use, leasing hunting rights, tax write-offs, and additional management and enforcement personnel, all of which would require additional financial resources. Your Committee further finds that a statutory provision which relieves landowners from liability when allowing public access for recreation has not resulted in opening more lands for public hunting. Whereas in the past, many private landowners agreed to state management of their lands for public hunting as a convenience, changing economic conditions, and competing land uses have reversed this trend.

This concurrent resolution would provide the Legislature with a clear statement of the situation and would pave the way for the State to offer and control public hunting on a broader basis so as to meet the needs of Hawaii's hunters.

Your Committee has amended the concurrent resolution by requesting the DLNR to include suitable federal lands in establishing game management areas and in the requested inventory of lands suitable for hunting. Your Committee has accordingly also amended the title of the concurrent resolution.

Your Committee on Tourism and Recreation 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 except Senators Aki and Nakasato.

SCRep. 1325 Tourism and Recreation on S.R. No. 174

The purpose of this resolution is to urge the Department of Land and Natural Resources (DLNR) to establish game management areas on State lands and private lands through cooperative agreements. DLNR would also be requested to review incentives for private landowners to open their lands for public hunting; compile an inventory of public and private lands suitable for public hunting; review cost implications; and report to the Legislature twenty days prior to the 1988 Regular Session.

DLNR, through its Division of Forestry and Wildlife, has an ongoing program for seeking out new public hunting areas on government and private lands. Over one million acres of public, private, and military lands are currently open to public hunting. Cooperative agreements for public hunting on the islands of Hawaii, Molokai, Lanai, and Kauai provide hunting opportunities in addition to hunting seasons on State Forest Reserve and Game Management Areas. New areas on both public and private lands have been identified for potential hunter recreation.

However, private landowners have been reluctant to open their lands to hunters due to questions of liability or vandalism, or because they have found it more profitable to conduct private commercial hunting programs, or because the State cannot provide the manpower to

supervise or patrol areas to their satisfaction.

Your Committee received supporting testimony from DLNR and others and finds that DLNR has actively sought the cooperation of private landholders and has considered incentives such as the construction of facilities for joint use, leasing hunting rights, tax write-offs, and additional management and enforcement personnel, all of which would require additional financial resources. Your Committee further finds that a statutory provision which relieves landowners from liability when allowing public access for recreation has not resulted in opening more lands for public hunting. Whereas in the past, many private landowners agreed to state management of their lands for public hunting as a convenience, changing economic conditions, and competing land uses have reversed this trend.

This resolution would provide the Legislature with a clear statement of the situation and would pave the way for the State to offer and control public hunting on a broader basis so as to meet the needs of Hawaii's hunters.

Your Committee has amended the resolution by requesting the DLNR to include suitable federal lands in establishing game management areas and in the requested inventory of lands suitable for hunting. Your Committee has accordingly also amended the title of the resolution.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.R. No. 174, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 174, S.D. 1.

Signed by all members of the Committee except Senators Aki and Nakasato.

SCRep. 1326 Tourism and Recreation on S.C.R. No. 163

The purpose of this concurrent resolution is to request the Department of Transportation to study the need for additional recreational small boat harbors and mooring facilities in Hawaii. The study would include an assessment of current policies and practices relating to letting and use of recreational boating facilities and would focus on the boating needs of Hawaii residents and visitors alike.

In addition, the concurrent resolution would request the Department to study the feasibility of entering into cooperative agreements for the lease or purchase of private facilities, and evaluate or develop incentives for private owners of suitable facilities to enter into such agreements.

Your Committee finds that there are 23 statewide small boat harbors with 2,055 mooring facilities. Of them, only 260 are currently vacant and the waiting list is nearly 2,000. With such a backlog, many of Hawaii's residents and many tourists are unable to take advantage of Hawaii's excellent year-round ocean boating activities. This concurrent resolution would help alleviate the shortage and enhance state and legislative objectives relating to ocean recreation and tourism.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.C.R. No. 163 and recommends its adoption.

Signed by all members of the Committee except Senators Aki and Nakasato.

SCRep. 1327 Tourism and Recreation on S.R. No. 175

The purpose of this resolution is to request the Department of Transportation to study the need for additional recreational small boat harbors and mooring facilities in Hawaii. The study would include an assessment of current policies and practices relating to letting and use of recreational boating facilities and would focus on the boating needs of Hawaii residents and visitors alike.

In addition, the resolution would request the Department to study the feasibility of entering into cooperative agreements for the lease or purchase of private facilities, and evaluate or develop incentives for private owners of suitable facilities to enter into such agreements.

Your Committee finds that there are 23 statewide small boat harbors with 2,055 mooring facilities. Of them, only 260 are currently vacant and the waiting list is nearly 2,000. With such a backlog, many of Hawaii's residents and many tourists are unable to take advantage of Hawaii's excellent year-round ocean boating activities. This resolution would help alleviate the shortage and enhance state and legislative objectives relating to ocean recreation and tourism.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.R. No.

175 and recommends its adoption.

Signed by all members of the Committee except Senators Aki and Nakasato.

SCRep. 1328

Tourism and Recreation on S.C.R. No. 164

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources (DLNR) to assess successful game management programs in other States and evaluate them in terms of applicability to Hawaii. DLNR would also be requested to study the feasibility of using citizens to assist in game management programs.

Your Committee received supporting testimony from the Chairperson of the Board of Land and Natural Resources and others and finds that as a matter of practice, DLNR keeps current on game management programs on the mainland through exchange of scientific literature, special management reports, annual reports, and magazines. For innovative projects or game management techniques, appropriate state fish and game departments are canvassed for their input and the materials provided are adapted to Hawaii's particular needs. In addition, the U.S. Fish and Wildlife Service provides a newsletter and mechanism for retrieving project reports from other states, and attendance at western states meetings on the mainland provide opportunities for keeping up with innovative game management programs.

Your Committee further finds that because of Hawaii's unique situation in terms of land classification, types of game animals, land use, and endangered species, many mainland game management programs are not adaptable to Hawaii. This concurrent resolution would provide the Legislature with information which it must have in order to plan for the maximum satisfactory usage of Hawaii's unique game resources.

Your Committee has amended the concurrent resolution by adding a "whereas" clause recognizing the contributions of volunteers from the hunting public in DLNR's "Select Volunteer" program, and by requesting DLNR to consult with representatives of the local hunting community in making the assessment of game management programs in other States.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.C.R. No. 164, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 164, S.D. 1.

Signed by all members of the Committee except Senators Aki and Nakasato.

SCRep. 1329

Tourism and Recreation on S.R. No. 176

The purpose of this resolution is to request the Department of Land and Natural Resources (DLNR) to assess successful game management programs in other States and evaluate them in terms of applicability to Hawaii. DLNR would also be requested to study the feasibility of using citizens to assist in game management programs.

Your Committee received supporting testimony from the Chairperson of the Board of Land and Natural Resources and others and finds that as a matter of practice, DLNR keeps current on game management programs on the mainland through exchange of scientific literature, special management reports, annual reports, and magazines. For innovative projects or game management techniques, appropriate state fish and game departments are canvassed for their input and the materials provided are adapted to Hawaii's particular needs. In addition, the U.S. Fish and Wildlife Service provides a newsletter and mechanism for retrieving project reports from other states, and attendance at western states meetings on the mainland provide opportunities for keeping up with innovative game management programs.

Your Committee further finds that because of Hawaii's unique situation in terms of land classification, types of game animals, land use, and endangered species, many mainland game management programs are not adaptable to Hawaii. This resolution would provide the Legislature with information which it must have in order to plan for the maximum satisfactory usage of Hawaii's unique game resources.

Your Committee has amended the resolution by adding a "whereas" clause recognizing the contributions of volunteers from the hunting public in DLNR's "Select Volunteer" program, and by requesting DLNR to consult with representatives of the local hunting community in making the assessment of game management programs in other States.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.R. No. 176, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 176, S.D. 1.

Signed by all members of the Committee except Senators Aki and Nakasato.

SCRep. 1330 (Majority) Tourism and Recreation on S.C.R. No. 135

The purpose of this concurrent resolution is to request the Legislative Auditor to conduct a study on the feasibility of establishing a Kaneohe Bay Authority.

Certain areas of the Kaneohe Bay area are substantially underdeveloped and are potentially in need of renewal, renovation, or improvement to alleviate such conditions as dilapidation, deterioration, and age which depreciate the value of the area and reduce the benefits which should be derived from its use. The area also is substantially lacking in community development in that there is little or no suitable housing for persons of low income, insufficient commercial and industrial facilities, limited park lands and open space, and limited zoning for mixed use.

Your Committee finds that the problems and insufficiencies of the Kaneohe Bay area are substantially due to lack of planning and coordination for community development. Your Committee also finds that the establishment of a Kaneohe Bay Authority, modeled in part after the Hawaii Community Development Authority, would serve the community and the public interest by marshalling resources under a comprehensive plan designed to meet the particular needs of the area and the community.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.C.R. No. 135 and recommends its adoption.

Signed by all members of the Committee except Senators Aki and Nakasato.
Senator George did not concur.

SCRep. 1331 (Majority) Tourism and Recreation on S.R. No. 145

The purpose of this resolution is to request the Legislative Auditor to conduct a study on the feasibility of establishing a Kaneohe Bay Authority and submit his findings and recommendations to the Legislature twenty days prior to the convening of the Regular Session of 1988.

Certain areas of the Kaneohe Bay area are substantially underdeveloped and are potentially in need of renewal, renovation, or improvement to alleviate such conditions as dilapidation, deterioration, and age which depreciate the value of the area and reduce the benefits which should be derived from its use. The area also is substantially lacking in community development in that there is little or no suitable housing for persons of low income, insufficient commercial and industrial facilities, limited park lands and open space, and limited zoning for mixed use.

Your Committee finds that the problems and insufficiencies of the Kaneohe Bay area are substantially due to lack of planning and coordination for community development. Your Committee also finds that the establishment of a Kaneohe Bay Authority, modeled in part after the Hawaii Community Development Authority, would serve the community and the public interest by marshalling resources under a comprehensive plan designed to meet the particular needs of the area and the community.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.R. No. 145 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senators Aki and Nakasato.
Senator George did not concur.

SCRep. 1332 Tourism and Recreation on S.C.R. No. 151

The purpose of this concurrent resolution is to request the federal National Park Service to waive the entrance fee requirement for all residents of the State in order to allow those who firmly believe in the life of the land to enter those areas freely.

The concurrent resolution also affirms the position of the Legislature that the areas which were placed within the Park System for protection belong to all the people and that the institution of fees for entrance therein separates the people from the benefits of their inheritance.

The "aina", the spirit of the land and its relationship with the people, is inseparable from Hawaiian culture, as it has become inseparable from the new cultures brought to Hawaii's shores by immigrants from all parts of the world. While your Committee believes that it is appropriate for the federal government to protect, manage, and preserve these national treasures, your Committee believes that it is inappropriate to charge admission to these

historic and culturally important sites, even if native Hawaiians are exempted for religious or gathering purposes, as a means to generate revenues to the federal government or to reduce appropriations to specific parks. Indeed, such fees will hinder educational, recreational, religious, and cultural uses of the parks which, your Committee is certain, was not the intent behind establishing the fees in the first place.

Your Committee received testimony from the Hawaiian Political Action Council of Hawaii and the Hawaii Chapter of the Sierra Club and finds that this concurrent resolution is consistent with the public interests of the people of Hawaii.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.C.R. No. 151 and recommends its adoption.

Signed by all members of the Committee except Senators Aki and Nakasato.

SCRep. 1333 Labor and Employment on H.B. No. 305

The purpose of this bill is to add attorneys to the specified list of positions excluded from collective bargaining in order to confirm the existing exclusion of attorneys.

The current language in section 89-6, Hawaii Revised Statutes, specifically designates several categories of high ranking officials as excluded from coverage under the public employee collective bargaining laws. The specified categories in the current statute are limited to heads of departments, first deputies, assistant division chiefs, division chiefs and higher-level officials. It also provides for the exclusion of "other top-level managerial and administrative personnel" and personnel "concerned with confidential matters affecting employee/employer relations." Attorneys are not specifically excluded.

Your Committee heard numerous testimonies and finds that attorneys assist in policy formulation at top levels of government, often handle confidential matters, and therefore, should be specifically excluded from collective bargaining. It further finds that it is in the best interest of all parties to identify as clearly and as unambiguously as possible those positions which are excluded from collective bargaining coverage and thereby reduce misunderstandings.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 305 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1334 Labor and Employment on H.B. No. 367

The purpose of this bill is to provide public employees the essential requirements of due process when they are subject to discharge.

The bill provides that public employees are assured that the ultimate form of adverse action against them will not be taken except when there is just and proper cause and it is for the good of government service under all circumstances.

Your Committee has reviewed and carefully considered the manner in which public employers terminate misbehaving employees. We have also examined the standards of constitutional due process enunciated by the U.S. Supreme Court in Cleveland Board of Education v. Loudermill, 470 U.S. ___, 84 L.ED. 2d 494. We adopt as a standard Justice White's statement of the requirement of due process:

The tenured public employee is entitled to oral or written notice of the charges against him, an explanation of the employer's evidence, and an opportunity to present his side of the story.

The foregoing requirements are incorporated by this bill into Hawaii Revised Statutes, Section 76-46.

Your Committee believes that due process should be afforded to all public employees. Discharge being the ultimate form of penalty for employee misconduct, a public employee should be terminated after proper warning, suspensions, or other forms of disciplinary actions have been exhausted.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 367, 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. 1335 Military and Civil Defense on Gov. Msg. No. 240

Recommending that the Senate advise and consent to the nomination of MAJOR GENERAL ALEXIS T. LUM as Adjutant General, for a term ending December 3, 1990.

Signed by all members of the Committee.

SCRep. 1336 Labor and Employment on Gov. Msg. No. 204

Recommending that the Senate advise and consent to the nominations of FELY IGNE LIBRE, MICHAEL J. HOLMES, GLENN T. MINAMI and JEAN H. MIYAHIRA to the Advisory Commission on Employment and Human Resources, for terms ending June 30, 1990.

Signed by all members of the Committee.

SCRep. 1337 Consumer Protection and Commerce on Gov. Msg. Nos. 158, 160, 161, 162, 163, 164, 165, 166, 167 and 168

Recommending that the Senate advise and consent to the nominations of the following:

RODNEY M. SUNADA to the Board of Massage, for a term ending June 30, 1991;

STEPHANIE BATH to the Board of Massage, for a term ending June 30, 1988;

ROBERT B. DESUACIDO, LINDA R. CONBOY, LAEL NAOMI TOKITA and STANLEY K. OKINAKA to the Board of Nursing, for terms ending June 30, 1990;

DOSS K. TANNEHILL and PETER E. ACKMAN to the Board of Dispensing Opticians, for terms ending June 30, 1991;

DOUGLAS T. SHIRO, O.D., to the Board of Examiners in Optometry, for a term ending June 30, 1991;

ROD G. BJORDAHL, D.O., to the Board of Osteopathic Examiners, for a term ending June 30, 1991;

MARK K. ONO to the Board of Physical Therapy, for a term ending June 30, 1991;

JANE HARDY JONES, Ed.D., and FAITH OKIHIRO LEBB to the Board of Psychology, for terms ending June 30, 1991;

NEAL MILNER to the Board of Psychology, for a term ending June 30, 1990;

DEBRA ANN K. OHTA, KAZUO TERUYA, M.D., and SHANNON CHING to the Board of Speech Pathology and Audiology, for terms ending June 30, 1990; and

ALLEN Y. MIYAHARA, D.V.M., and DAVID BARD MACKAY, D.V.M., to the Board of Veterinary Examiners, for terms ending June 30, 1991.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 1338 Housing, Hawaiian Programs and Natural Resources on S.C.R. No. 32

The purpose of this concurrent resolution is to seek prior authorization of the Legislature as required under Section 171-53, Hawaii Revised Statutes (HRS), for the disposition of submerged public lands.

Under Section 171-53, HRS, covering the disposition of submerged or reclaimed public lands, the Board of Land and Natural Resources may lease, or grant easements over, submerged lands and lands beneath tidal waters which the Board deems are suitable for reclamation with both the prior approval of the Governor and the prior authorization of the Legislature by concurrent resolution.

The disposition involves the sale of a perpetual non-exclusive easement rights for the clearing, leveling and construction of two pedestrian foot bridges covering approximately one acre of submerged land seaward of the certified shoreline at Anaehoomalu, South Kohala, Hawaii. The easement is necessary in order to construct the bridges which will allow a continuous shoreline trail around Waialua Bay. The shoreline trail, along with the lagoon, is open

to the public and provides access to the north side of Waialua Bay. The sale of the easement will be made to ATPAC Land Company or its nominee.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.C.R. No. 32 and recommends its adoption.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1339 Housing, Hawaiian Programs and Natural Resources on S.C.R. No. 33

The purpose of this concurrent resolution is to authorize the Department of Land and Natural Resources to dispose by way of an easement, certain government submerged lands and lands beneath tidal waters for purposes of construction of certain offshore improvements.

Under Section 171-53, Hawaii Revised Statutes, covering the disposition of submerged or reclaimed public lands, the Board of Land and Natural Resources may lease, grant easements over, submerged land and lands beneath tidal waters which the Board deems are suitable for reclamation. However, this disposition can be made only with the prior approval of both the Governor and the prior authorization of the Legislature by concurrent resolution.

This concurrent resolution seeks the prior authorization of the Legislature as required under said Section 171-53 so that the Board can proceed with the proposed disposition. The Governor has granted his prior approval of this proposed disposition.

The disposition involves the direct grant of easement to the Natural Energy Laboratory of Hawaii covering some 2,940 acres of submerged land at Keahole Point, North Kona, Hawaii. The non-exclusive sixty-five year easement would allow the installation of permanent, as well as temporary, facilities for cold and warm seawater systems for the Natural Energy Laboratory of Hawaii and the Hawaii Ocean Science and Technology Park.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.C.R. No. 33 and recommends its adoption.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1340 Housing, Hawaiian Programs and Natural Resources on S.C.R. No. 105

The purpose of this concurrent resolution is to authorize the Hawaii Housing Authority (HHA) and condemnation defendants, Inga Lam Ho, et al., to consummate a land exchange in Waiahole Valley.

The land exchange will settle conflicting claims to land involved in the condemnation action. The HHA believes that such an exchange would be a desirable alternative to further litigation which is anticipated to be both lengthy and costly.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.C.R. No. 105 and recommends its adoption.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1341 Housing, Hawaiian Programs and Natural Resources on S.R. No. 114

The purpose of this resolution is to authorize the Hawaii Housing Authority (HHA) and condemnation defendants, Inga Lam Ho, et al., to consummate a land exchange in Waiahole Valley.

The land exchange will settle conflicting claims to land involved in the condemnation action. The HHA believes that such an exchange would be a desirable alternative to further litigation which is anticipated to be both lengthy and costly.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.R. No. 114 and recommends its adoption.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1342 Housing, Hawaiian Programs and Natural Resources on S.C.R. No. 137

The purpose of this concurrent resolution is to request that the Legislative Auditor conduct a financial audit on the progress the Office of Hawaiian Affairs (OHA) has made in response to the recommendations made by Arthur Young and Associates for the purpose of ascertaining

whether or not state funds are being used efficiently and effectively.

As recognized by this concurrent resolution, Arthur Young and Associates completed a comprehensive management audit of OHA in November, 1986. The scope of that review and the nature of its recommendations are summarized in 15 points noted within this measure, some of which are not necessarily financial but more organizational in nature.

Your Committee received supporting testimony from the Office of Hawaiian Affairs and finds that the Legislature needs more detailed information on how state funds are expended by OHA so that the Legislature can make more enlightened decisions on OHA's future budget requests.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.C.R. No. 137 and recommends its adoption.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1343 Housing, Hawaiian Programs and Natural Resources on S.R. No. 147

The purpose of this resolution is to request that the Legislative Auditor conduct a financial audit on the progress the Office of Hawaiian Affairs (OHA) has made in response to the recommendations made by Arthur Young and Associates for the purpose of ascertaining whether or not state funds are being used efficiently and effectively.

As recognized by this resolution, Arthur Young and Associates completed a comprehensive management audit of OHA in November, 1986. The scope of that review and the nature of its recommendations are summarized in 15 points noted within this measure, some of which are not necessarily financial but more organizational in nature.

Your Committee received supporting testimony from the Office of Hawaiian Affairs and finds that the Legislature needs more detailed information on how state funds are expended by OHA so that the Legislature can make more enlightened decisions on OHA's future budget requests.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.R. No. 147 and recommends its referral to the Committee on Legislative Management.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1344 Housing, Hawaiian Programs and Natural Resources on S.C.R. No. 28

The purpose of this concurrent resolution is to urge the United States Congress to include native Hawaiians in the definition of native Americans and to extend eligibility in all programs affected by such definition without prejudice.

Despite the functional recognition of the claim of native Hawaiians to the status of native Americans in specific federal legislation, the federal government has yet to formally designate native Hawaiians as native Americans. As a result of this non-recognition, native Hawaiians are presently ineligible to participate in a majority of the federal programs established for the benefit of native Americans.

Your Committee heard supporting testimony from the Office of Hawaiian Affairs and the Hawaii Nurses' Association and finds that as the indigenous people of Hawaii, native Hawaiians should be recognized as native Americans.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.C.R. No. 28 and recommends its adoption.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1345 Housing, Hawaiian Programs and Natural Resources on S.R. No. 41

The purpose of this resolution is to urge the United States Congress to include native Hawaiians in the definition of native Americans and to extend eligibility in all programs affected by such definition without prejudice.

Despite the functional recognition of the claim of native Hawaiians to the status of native Americans in specific federal legislation, the federal government has yet to formally designate native Hawaiians as native Americans. As a result of this non-recognition, native Hawaiians

are presently ineligible to participate in a majority of the federal programs established for the benefit of native Americans.

Your Committee heard supporting testimony from the Office of Hawaiian Affairs and the Hawaii Nurses' Association and finds that as the indigenous people of Hawaii, native Hawaiians should be recognized as native Americans.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.R. No. 41 and recommends its adoption.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1346 (Joint) Housing, Hawaiian Programs and Natural Resources and Education on S.C.R. No. 45

The purpose of this concurrent resolution is to request the Hawaii State Senate to support the United States Senate Bill 360, a bill to improve the educational status of Native Hawaiians.

United States Senate Bill 360 recognizes the federal government as having the legal responsibility to enforce and enhance the State of Hawaii's public trust for improving the condition of Native Hawaiians.

Your Committees heard favorable testimony from the Department of Education, the Office of Hawaiian Affairs and the Kamehameha Schools/Bernice Pauahi Bishop Estate and finds that Native Hawaiian youth score among the lowest groups on every measure of educational progress. Numerous studies have documented that Native Hawaiian people continue to be the highest risk group on virtually every indicator of health, education and social status. Therefore, federal legislation such as United States Senate Bill 360 to provide supplemental assistance to Native Hawaiians is urgently needed.

Upon consideration, your Committees believes that rather than urging the Hawaii State Senate to support U.S. Senate Bill 360, this measure should express the support of the Hawaii State Legislature for Senate Bill 360. The title and BE IT RESOLVED paragraph of the concurrent resolution has been amended accordingly.

Your Committees on Housing, Hawaiian Programs and Natural Resources and Education concurs with the intent and purpose of S.C.R. No. 45, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 45, S.D. 1.

Signed by all members of the Committees except Senators Nakasato and Yamasaki.

SCRep. 1347 (Joint) Housing, Hawaiian Programs and Natural Resources and Education on S.R. No. 59

The purpose of this resolution is to request the Hawaii State Senate to support the United States Senate Bill 360, a bill to improve the educational status of Native Hawaiians.

United States Senate Bill 360 recognizes the federal government as having the legal responsibility to enforce and enhance the State of Hawaii's public trust for improving the condition of Native Hawaiians.

Your Committees heard favorable testimony from the Department of Education, the Office of Hawaiian Affairs and the Kamehameha Schools/Bernice Pauahi Bishop Estate and finds that Native Hawaiian youth score among the lowest groups on every measure of educational progress. Numerous studies have documented that Native Hawaiian people continue to be the highest risk group on virtually every indicator of health, education and social status. Therefore, federal legislation such as United States Senate Bill 360 to provide supplemental assistance to Native Hawaiians is urgently needed.

Upon consideration, your Committees believes that rather than urging the Hawaii State Senate to support U.S. Senate Bill 360, this measure should express the support of the Hawaii State Legislature for Senate Bill 360. The title and BE IT RESOLVED paragraph of the resolution has been amended accordingly.

Your Committees on Housing, Hawaiian Programs and Natural Resources and Education concurs with the intent and purpose of S.R. No. 59, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 59, S.D. 1.

Signed by all members of the Committees except Senators McMurdo, Nakasato and Yamasaki.

SCRep. 1348 (Joint) Housing, Hawaiian Programs and Natural Resources and Health on S.C.R. No. 46

The purpose of this concurrent resolution is to request the Hawaii State Senate to support the United States Senate Bill 136, a bill to improve the health status of Native Hawaiians.

The United States Senate Bill 136 proposes a comprehensive approach to resolving the health problems of Native Hawaiians including special illness prevention and health promotion programs, health scholarships and health care referral services.

Your Committees heard supporting testimony from the Office of Hawaiian Affairs, Department of Health, Hawaii Psychological Association and the Queen's Medical Center and finds that since Western contact the health of Native Hawaiians has declined and despite a long and proud past of healthy lifestyles and cultural values, Native Hawaiians today rank among the highest for all disease indicators including lower life expectancy, high infant mortality, high rates of diabetes, heart disease, suicide, and cancer.

Your Committees have amended the concurrent resolution by changing the intent of the concurrent resolution to express the Legislature's support of U.S. Senate Bill 136 rather than requesting the Legislature's support of U.S. Senate Bill 136, and by adding the following phrase to the fourth "WHEREAS" paragraph:

"and although the residents of the State of Hawaii have the highest life expectancy in the nation, Native Hawaiians do not share in this prospect; and".

Your Committees on Housing, Hawaiian Programs and Natural Resources and Health concur with the intent and purpose of S.C.R. No. 46, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 46, S.D. 1.

Signed by all members of the Committees except Senators McMurdo and Yamasaki.

SCRep. 1349 (Joint) Housing, Hawaiian Programs and Natural Resources and Health on S.R. No. 60

The purpose of this resolution is to request the Hawaii State Senate to support the United States Senate Bill 136, a bill to improve the health status of Native Hawaiians.

The United States Senate Bill 136 proposes a comprehensive approach to resolving the health problems of Native Hawaiians including special illness prevention and health promotion programs, health scholarships and health care referral services.

Your Committees heard supporting testimony from the Office of Hawaiian Affairs, Department of Health, Hawaii Psychological Association and the Queen's Medical Center and finds that since Western contact the health of Native Hawaiians has declined and despite a long and proud past of healthy lifestyles and cultural values, Native Hawaiians today rank among the highest for all disease indicators including lower life expectancy, high infant mortality, high rates of diabetes, heart disease, suicide, and cancer.

Your Committees have amended the resolution by changing the intent of the resolution to express the Legislature's support of U.S. Senate Bill 136 rather than requesting the Legislature's support of U.S. Senate Bill 136, and by adding the following phrase to the fourth "WHEREAS" paragraph:

"and although the residents of the State of Hawaii have the highest life expectancy in the nation, Native Hawaiians do not share in this prospect; and".

Your Committees on Housing, Hawaiian Programs and Natural Resources and Health concur with the intent and purpose of S.R. No. 60, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 60, S.D. 1.

Signed by all members of the Committees except Senators Matsuura, McMurdo and Yamasaki.

SCRep. 1350 Housing, Hawaiian Programs and Natural Resources on S.C.R. No. 88

The purpose of this concurrent resolution is to request the Legislative Reference Bureau (LRB) to review the Ohana Zoning Law to determine if its purpose and intent have been met in each county and to determine whether any changes should be made to the law to better effectuate the purpose and intent.

The concurrent resolution further requests that the review include specific problems encountered by each county within the past five years in implementing the law and to determine if the counties should be given more flexibility to deal with individual problems encountered with Ohana Zoning. However, the LRB is directed to not consider repeal of the law or making Ohana Zoning discretionary for the counties.

The Ohana Zoning Law, Section 46-4(c), Hawaii Revised Statutes, specifies that, effective January 1, 1982, a county cannot prohibit the construction of two single-family dwellings on any lot where a residential dwelling is permitted if certain requirements are met. The declared purpose is "to assist families to purchase affordable individual living quarters and, at the same time, to encourage the preservation of the extended family."

Your Committee finds that enough time has passed since enactment of the law approximately five years ago to make it appropriate to undertake a review of the law to determine if its intent has been met in the respective counties and if changes should be made to better effectuate the purpose of the law.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.C.R. No. 88 and recommends its adoption.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1351 Housing, Hawaiian Programs and Natural Resources on S.R. No. 93

The purpose of this resolution is to request the Legislative Reference Bureau (LRB) to review the Ohana Zoning Law to determine if its purpose and intent have been met in each county and to determine whether any changes should be made to the law to better effectuate the purpose and intent.

The resolution further requests that the review include specific problems encountered by each county within the past five years in implementing the law and to determine if the counties should be given more flexibility to deal with individual problems encountered with Ohana Zoning. However, the LRB is directed to not consider repeal of the law or making Ohana Zoning discretionary for the counties.

The Ohana Zoning Law, Section 46-4(c), Hawaii Revised Statutes, specifies that, effective January 1, 1982, a county cannot prohibit the construction of two single-family dwellings on any lot where a residential dwelling is permitted if certain requirements are met. The declared purpose is "to assist families to purchase affordable individual living quarters and, at the same time, to encourage the preservation of the extended family."

Your Committee finds that enough time has passed since enactment of the law approximately five years ago to make it appropriate to undertake a review of the law to determine if its intent has been met in the respective counties and if changes should be made to better effectuate the purpose of the law.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.R. No. 93 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1352 Health on S.C.R. No. 110

The purpose of this concurrent resolution is to request the Department of Health to prepare a report on the administrative actions taken to place responsibility for the Hawaii State Hospital budget in the community mental health centers, and the specific fiscal mechanisms developed to implement this shift in responsibility. The concurrent resolution also requests a plan and budget to implement changes required by these mechanisms, specifying funds that would be reallocated and anticipated requests for additional funding, if necessary.

Your Committee received supporting testimony from the Director of Health, the Mental Health Association in Hawaii, and others, and finds that even though the Hawaii Revised Statutes provides that community mental health centers are the focal point of responsibility and authority for all mental health services, including inpatient services, there is still a tendency to return chronic and seriously mentally ill patients to the State Hospital. Your Committee further finds that a closer and more active relationship between inpatient and outpatient services would reduce both the admissions and lengths of stay of chronic mentally ill patients and reduce dependence upon the State Hospital. This is the objective of State and legislative efforts towards deinstitutionalization and development of the community based

mental health system.

This concurrent resolution would help the State achieve its objective of placing responsibility for the mental health program with community based mental health centers and would promote the continuity of treatment as patients move from inpatient to outpatient services.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 110 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1353 Health on S.R. No. 120

The purpose of this resolution is to request the Department of Health to prepare a report on the administrative actions taken to place responsibility for the Hawaii State Hospital budget in the community mental health centers, and the specific fiscal mechanisms developed to implement this shift in responsibility. The resolution also requests a plan and budget to implement changes required by these mechanisms, specifying funds that would be reallocated and anticipated requests for additional funding, if necessary.

Your Committee received supporting testimony from the Director of Health, the Mental Health Association in Hawaii, and others, and finds that even though the Hawaii Revised Statutes provides that community mental health centers are the focal point of responsibility and authority for all mental health services, including inpatient services, there is still a tendency to return chronic and seriously mentally ill patients to the State Hospital. Your Committee further finds that a closer and more active relationship between inpatient and outpatient services would reduce both the admissions and lengths of stay of chronic mentally ill patients and reduce dependence upon the State Hospital. This is the objective of State and legislative efforts towards deinstitutionalization and development of the community based mental health system.

This resolution would help the State achieve its objective of placing responsibility for the mental health program with community based mental health centers and would promote the continuity of treatment as patients move from inpatient to outpatient services.

Your Committee on Health concurs with the intent and purpose of S.R. No. 120 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1354 (Joint) Health and Planning and Environment on S.C.R. No. 152

The purpose of this concurrent resolution is to request the Department of Health to implement recommendations of the Legislative Auditor and the Office of Environmental Quality Control (OEQC) in order to improve the Department's food and drug program.

Your Committees received supporting testimony from the Director of Health and the Chairperson of the Board of Agriculture and find that many of the Legislative Auditor's and the OEQC's recommendations are already being implemented. Among the proposals being considered is the reorganization of the Environmental Protection and Health Services Division in order to strengthen management and improve the effectiveness of the Department's environmental programs. The Department is also taking steps to expand its laboratory capability and has assured your Committees that it will work with the Department of Agriculture.

Your Committees take note of the fact that some of the tasks requested by this concurrent resolution would require additional funding and personnel which are not in the current budget. However, your Committees are satisfied that much of the work requested can be accomplished without additional resources this year, and that which cannot be done will be pursued through the 1988-1989 supplemental budget.

Your Committees on Health and Planning and Environment concur with the intent and purpose of S.C.R. No. 152 and recommend its adoption.

Signed by all members of the Committees except Senator Solomon.

SCRep. 1355 (Joint) Health and Planning and Environment on S.R. No. 162

The purpose of this resolution is to request the Department of Health to implement recommendations of the Legislative Auditor and the Office of Environmental Quality Control

(OEQC) in order to improve the Department's food and drug program.

Your Committees received supporting testimony from the Director of Health and the Chairperson of the Board of Agriculture and find that many of the Legislative Auditor's and the OEQC's recommendations are already being implemented. Among the proposals being considered is the reorganization of the Environmental Protection and Health Services Division in order to strengthen management and improve the effectiveness of the Department's environmental programs. The Department is also taking steps to expand its laboratory capability and has assured your Committees that it will work with the Department of Agriculture.

Your Committees take note of the fact that some of the tasks requested by this resolution would require additional funding and personnel which are not in the current budget. However, your Committees are satisfied that much of the work requested can be accomplished without additional resources this year, and that which cannot be done will be pursued through the 1988-1989 supplemental budget.

Your Committees on Health and Planning and Environment concur with the intent and purpose of S.R. No. 162 and recommend its adoption.

Signed by all members of the Committees except Senator Solomon.

SCRep. 1356

Labor and Employment on S.C.R. No. 128

The purpose of this concurrent resolution is to request the Administrator of the Hawaii Public Employees Health Fund to convene a committee of representatives of public employers, public employee unions, the Hawaii Public Employees Health Fund, the Employees' Retirement System and the Coalition of State and County Retirees to study Health Fund benefit costs for retired State and County employees, to identify alternative funding sources and to make recommendations on proposed legislation to continue a reasonable level of public employer funding of Health Fund benefit costs for all retired State and County employees.

Your Committee finds that State and County retirees have consumed a greater share of public employer fringe benefit funds on a pro rata basis than the amounts paid for active employees. The public employers' cost to fund Health Fund benefits for retired State and County employees continues to increase unabated due to (1) the large number of current and anticipated retirees and (2) the provisions in Chapter 87, Hawaii Revised Statutes, the Health Fund Law, which provide for full public employer funding of retired employees Health Fund benefit costs.

Your Committee, upon consideration has amended the concurrent resolution by changing the agency responsible for the study from the Administrator of the Hawaii Public Employees Health Fund to the Legislative Reference Bureau (LRB). The concurrent resolution was further amended by specifying that LRB, in conducting the study, consult with members originally intended to conduct the study.

Your Committee believes that a neutral body to conduct the study would best serve the intent of the concurrent resolution.

Your Committee on Labor and Employment concurs 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.

SCRep. 1357

Labor and Employment on S.R. No. 138

The purpose of this resolution is to request the Administrator of the Hawaii Public Employees Health Fund to convene a committee of representatives of public employers, public employee unions, the Hawaii Public Employees Health Fund, the Employees' Retirement System and the Coalition of State and County Retirees to study Health Fund benefit costs for retired State and County employees, to identify alternative funding sources and to make recommendations on proposed legislation to continue a reasonable level of public employer funding of Health Fund benefit costs for all retired State and County employees.

Your Committee finds that State and County retirees have consumed a greater share of public employer fringe benefit funds on a pro rata basis than the amounts paid for active employees. The public employers' cost to fund Health Fund benefits for retired State and County employees continues to increase unabated due to (1) the large number of current and anticipated retirees and (2) the provisions in Chapter 87, Hawaii Revised Statutes, the Health

Fund Law, which provide for full public employer funding of retired employees Health Fund benefit costs.

Your Committee, upon consideration has amended the resolution by changing the agency responsible for the study from the Administrator of the Hawaii Public Employees Health Fund to the Legislative Reference Bureau (LRB). The resolution was further amended by specifying that LRB, in conducting the study, consult with members originally intended to conduct the study.

Your Committee believes that a neutral body to conduct the study would best serve the intent of the resolution.

Your Committee on Labor and Employment concurs with the intent and purpose of S.R. No. 138, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 138, S.D. 1.

Signed by all members of the Committee.

SCRep. 1358 Culture, Arts and Historic Preservation on S.R. No. 79

The purpose of this resolution is to request the Department of Planning and Economic Development (DPED) to conduct a study to evaluate the feasibility of increasing public use and access of Leahi by developing a golf course within the crater of Diamond Head.

Your Committee heard testimony from the Outdoor Circle which expressed concern for the preservation of the visible outer slopes of Diamond Head. Your Committee finds that S.C.R. No. 17 and H.C.R. No. 100 addresses their concerns.

Critics have stated that only a few will benefit by the development of a golf facility. Your Committee, however, believes that even a fewer number would benefit should Diamond Head be left in its natural state. The development of a golf facility would beautify the interior of the crater with a lush, green, eye-pleasing environment.

Upon consideration of the testimony received, your Committee has amended the resolution as follows:

- (1) Changed the agency conducting the study from the Department of Planning and Economic Development to the Legislative Reference Bureau. DPED testified that the study should be done by the Department of Land and Natural Resources since Diamond Head is under their jurisdiction. Your Committee decided that the Legislative Reference Bureau, a neutral body, should conduct the study;
- (2) Deleted the "Whereas" paragraph that made reference to the Ala Wai Golf Course. Your Committee believes that a proposal for a Diamond Head Golf Course should be considered on the basis of satisfying the demands of resident golfers rather than anticipating the outcome of the controversy relating to the Ala Wai municipal golf course;
- (3) Added a new "Whereas" paragraph to read:

"WHEREAS, the interior of Leahi should be beautified and the desire to keep it in a 'natural state' should not preclude the development of active recreation;" and

- (4) Added the following phrase to the sixth "Whereas" paragraph of the resolution as amended:

"which will provide an additional golfing site within city limits;"

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of S.R. No. 79, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 79, S.D. 1.

Signed by all members of the Committee.

SCRep. 1359 Consumer Protection and Commerce on Gov. Msg. Nos. 188, 215, 216, 218, 219 and 220

Recommending that the Senate advise and consent to the nominations of the following:

TERRY TAMURA, BERT M. WAGATSUMA and THEODORO GANADE to the Board of Public

Accountancy, for terms ending June 30, 1991;

YAACOV TZROR, N.D., and HENRY H. CHAN to the Board of Acupuncture, for terms ending June 30, 1989;

TOSHIO BOB NAGATANI and HEATHER H. GIUGNI to the CATV Advisory Committee, for terms ending June 30, 1991;

KENNETH SAKAI to the CATV Advisory Committee, for a term ending June 30, 1990;

LAWRENCE K. W. TSEU, D.D.S., and GEORGE A. KANNA, D.D.S., to the Board of Dental Examiners, for terms ending June 30, 1991;

LORNA A. KATENA and CAROLYN U. CANUBIDA to the Board of Hearing Aid Dealers and Fitters, for terms ending June 30, 1991;

GERRY K. FUJII, Pharm.D., and STACEY J. HENDRICKSON to the Board of Pharmacy, for terms ending June 30, 1991; and

HAROLD YOSHIO KAWAGUCHI to the Board of Pharmacy, for a term ending June 30, 1988.

Signed by all members of the Committee except Senators Blair, Fernandes Salling and Ikeda.

SCRep. 1360 Human Services on Gov. Msg. No. 180

Recommending that the Senate advise and consent to the nominations to the Advisory Council for Community Services of the following:

LARRY MANLIGUIS, for a term ending June 30, 1989; and

JAMES A. TORRES, CHANNY SAK-HUMPHRY, AMEFIL AGBAYANI, Ph.D., and FRED SORIANO, Ph.D., for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1361 Human Services on Gov. Msg. No. 199

Recommending that the Senate advise and consent to the nominations to the Board of Social Services of the following:

KAHUE K. YOUNG, for a term ending June 30, 1991; and

BEVERLY A. AOTAKI, for a term ending June 30, 1988.

Signed by all members of the Committee.

SCRep. 1362 Human Services on Gov. Msg. No. 200

Recommending that the Senate advise and consent to the nominations of SAMUEL S. LUKE, TUALA SEVAETASI, MORIMASA MAESHIRO, GENJI SANTOKI, NORA M. KUROSU and YOSHIKI FUJITANI to the Policy Advisory Board for Elderly Affairs, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1363 Military and Civil Defense on Gov. Msg. No. 231

Recommending that the Senate advise and consent to the nominations of SHERMAN THOMPSON and TADAO OKIMOTO to the Civil Defense Advisory Council, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1364 Planning and Environment on S.C.R. No. 160

The purpose of this concurrent resolution is to request a study to be conducted to determine the feasibility of and options for establishing a state-wide geographic information system.

Your Committee received numerous testimonies and finds that state and county planning is

hampered by a lack of comprehensive environmental information. This concurrent resolution requests a feasibility study of a state-wide "Geographic Information System" which would collect and disseminate information from various scientific disciplines. In addition, this system can be supplemented with social, political, and economic data which would allow decision makers to take concerns and needs of various regional, cultural, ethnic, and economic groups into consideration.

Your Committee, upon consideration of this concurrent resolution, finds that an interim committee should be established for the purpose of conducting a feasibility study including available options of developing a state-wide Geographic Information System.

Your Committee on Planning and Environment concurs with the intent and purpose of S.C.R. No. 160 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1365 Planning and Environment on S.R. No. 172

The purpose of this resolution is to request a study to be conducted to determine the feasibility of and options for establishing a state-wide geographic information system.

Your Committee received numerous testimonies and finds that state and county planning is hampered by a lack of comprehensive environmental information. This resolution requests a feasibility study of a state-wide "Geographic Information System" which would collect and disseminate information from various scientific disciplines. In addition, this system can be supplemented with social, political, and economic data which would allow decision makers to take concerns and needs of various regional, cultural, ethnic, and economic groups into consideration.

Your Committee, upon consideration of this resolution, finds that an interim committee should be established for the purpose of conducting a feasibility study including available options of developing a state-wide Geographic Information System.

Your Committee on Planning and Environment concurs with the intent and purpose of S.R. No. 172 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1366 Planning and Environment on S.C.R. No. 90

The purpose of this concurrent resolution is to request that the Office of Environmental Quality Control assist the affected agencies and institutions in the ongoing development, coordination, review and implementation of Pesticide Action Plans as required under Act 127, Session Laws of Hawaii (SLH), 1985.

Your Committee notes that after the contamination of Oahu dairy products by the pesticide heptachlor, the State Legislature concluded that the States' pesticide monitoring and enforcement laws and programs required improvement and expansion. Your Committee finds that although some improvements were made, additional problems arose with the discovery of pesticide contamination in Hawaii's groundwater by legal as well as improper storage and mixing of pesticides. This problem raised concerns over proper management of pesticides.

Subsequent pesticide problems escalated citizens concerns which resulted in the Legislative passage of Act 275, SLH, 1984 which was amended in 1985. This Act requires the Office of Environmental Quality Control (OEQC) with the assistance of the Technical Advisory Committee of Pesticides (TACP), to review, evaluate, and coordinate the efforts of all affected agencies involved in the prevention, monitoring and mitigation of pesticide contamination. OEQC was authorized to coordinate action plans for each of the affected agencies.

Your Committee finds that the Act 127, SLH, 1985 is scheduled to be repealed on June 30, 1987 and pesticide action plans have just begun to be implemented. However, your Committee finds that under Section 341-4(b), Hawaii Revised Statutes, OEQC has continuing responsibility to preserve and enhance the environmental quality of the State.

Your Committee received favorable testimonies from the Department of Health and OEQC and finds that OEQC support in assisting the affected agencies in achieving the long-term goals developed in the Pesticide Action Plans is critical to the health of the people of Hawaii.

Your Committee on Planning and Environment concurs with the intent and purpose of S.C.R. No. 90 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1367 Planning and Environment on S.R. No. 98

The purpose of this resolution is to request that the Office of Environmental Quality Control assist the affected agencies and institutions in the ongoing development, coordination, review and implementation of Pesticide Action Plans as required under Act 127, Session Laws of Hawaii (SLH), 1985.

Your Committee notes that after the contamination of Oahu dairy products by the pesticide heptachlor, the State Legislature concluded that the States' pesticide monitoring and enforcement laws and programs required improvement and expansion. Your Committee finds that although some improvements were made, additional problems arose with the discovery of pesticide contamination in Hawaii's groundwater by legal as well as improper storage and mixing of pesticides. This problem raised concerns over proper management of pesticides.

Subsequent pesticide problems escalated citizens concerns which resulted in the Legislative passage of Act 275, SLH, 1984 which was amended in 1985. This Act requires the Office of Environmental Quality Control (OEQC) with the assistance of the Technical Advisory Committee of Pesticides (TACP), to review, evaluate, and coordinate the efforts of all affected agencies involved in the prevention, monitoring and mitigation of pesticide contamination. OEQC was authorized to coordinate action plans for each of the affected agencies.

Your Committee finds that the Act 127, SLH, 1985 is scheduled to be repealed on June 30, 1987 and pesticide action plans have just begun to be implemented. However, your Committee finds that under Section 341-4(b), Hawaii Revised Statutes, OEQC has continuing responsibility to preserve and enhance the environmental quality of the State.

Your Committee received favorable testimonies from the Department of Health and OEQC and finds that OEQC support in assisting the affected agencies in achieving the long-term goals developed in the Pesticide Action Plans is critical to the health of the people of Hawaii.

Your Committee on Planning and Environment concurs with the intent and purpose of S.R. No. 98 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1368 Planning and Environment on S.C.R. No. 149

The purpose of this concurrent resolution is to request the Department of Health to investigate and report on procedures and facilities for future response to possible contamination of marine food products by oil spills and other pollution.

The areas to be investigated are to include procedures for immediate collection of samples from coastal shores and waters affected by oil spills and other pollution; the adequacy of state-funded laboratories for testing for contamination; and procedures for speedy notification of the public of the possible danger of contamination in the event that the pollution of Hawaii's coastal waters endanger the public health.

This concurrent resolution addresses recent reports of oil spills which resulted in the contamination of marine food products taken from Hawaii's coastal shores and waters.

Your Committee heard supporting testimony from the Department of Health and concurs with the necessity to better protect the public from future contamination of natural-grown food products in times of oil spills or other water pollution episodes.

Your Committee on Planning and Environment concurs with the intent and purpose of S.C.R. No. 149 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1369 Planning and Environment on S.R. No. 160

The purpose of this resolution is to request the Department of Health to investigate and report on procedures and facilities for future response to possible contamination of marine food products by oil spills and other pollution.

The areas to be investigated are to include procedures for immediate collection of samples from coastal shores and waters affected by oil spills and other pollution; the adequacy of state-funded laboratories for testing for contamination; and procedures for speedy notification

of the public of the possible danger of contamination in the event that the pollution of Hawaii's coastal waters endanger the public health.

This resolution addresses recent reports of oil spills which resulted in the contamination of marine food products taken from Hawaii's coastal shores and waters.

Your Committee heard supporting testimony from the Department of Health and concurs with the necessity to better protect the public from future contamination of natural-grown food products in times of oil spills or other water pollution episodes.

Your Committee on Planning and Environment concurs with the intent and purpose of S.R. No. 160 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1370 Planning and Environment on S.C.R. No. 150

The purpose of this concurrent resolution is to request that the Department of Land and Natural Resources' Aquatic Resources Division investigate and report on the procedures for monitoring the loss of marine life caused by pollution of coastal waters, as well as other destructive effects that pollution of coastal waters may have on Hawaii's coastal shores and waters.

Your Committee finds that it is imperative that the State monitor the effects of pollution of its coastal waters, as our shores and waters have suffered from oil spills which adversely have affected marine life.

Your Committee received testimony from the Department of Land and Natural Resources (DLNR) which stated that the DLNR will work with the Department of Health to accomplish the purpose of this measure within the constraints of manpower and funding.

Your Committee, upon consideration of this concurrent resolution, finds that an investigation and report on procedures of DLNR's Division of Aquatic Resources for monitoring loss of marine life due to pollution and the effects of pollution in Hawaii's shores and waters will be beneficial in examining and addressing problems of coastal pollution.

Your Committee on Planning and Environment concurs with the intent and purpose of S.C.R. No. 150 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1371 Planning and Environment on S.R. No. 161

The purpose of this resolution is to request that the Department of Land and Natural Resources' Aquatic Resources Division investigate and report on the procedures for monitoring the loss of marine life caused by pollution of coastal waters, as well as other destructive effects that pollution of coastal waters may have on Hawaii's coastal shores and waters.

Your Committee finds that it is imperative that the State monitor the effects of pollution of its coastal waters, as our shores and waters have suffered from oil spills which adversely have affected marine life.

Your Committee received testimony from the Department of Land and Natural Resources (DLNR) which stated that the DLNR will work with the Department of Health to accomplish the purpose of this measure within the constraints of manpower and funding.

Your Committee, upon consideration of this resolution, finds that an investigation and report on procedures of DLNR's Division of Aquatic Resources for monitoring loss of marine life due to pollution and the effects of pollution in Hawaii's shores and waters will be beneficial in examining and addressing problems of coastal pollution.

Your Committee on Planning and Environment concurs with the intent and purpose of S.R. No. 161 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1372 Planning and Environment on S.C.R. No. 158

The purpose of this concurrent resolution is to request the Legislative Reference Bureau (LRB) to review the Department of Health's Administrative Rules on Solid Waste Management

to determine if such rules are adequate or should be amended to alleviate problems expressed by those living near landfills.

Persons have expressed numerous complaints that landfills near or adjacent to their properties are unsightly and cause rubbish to be blown into their yards. They also complain of problems with underground fires, dust, rodents, lice, mites, and flies caused by the proximity of the landfills. In addition, there is some reason to believe that the chemicals used at landfills may contribute to various health problems such as aggravated respiratory illness, eye irritation, headaches, chest pain, and insomnia.

Your Committee finds that the urgency and sincerity of the complaints indicate that landfills may, in some instances, pose potential risks to the health and well-being of the persons living near them, and that a review of the administrative rules on solid waste management control is warranted.

Your Committee has amended this concurrent resolution by adding a "BE IT RESOLVED" clause urging the Department of Land Utilization to strongly consider establishing appropriate buffer zones around sanitary landfills to alleviate the problems expressed by the residents living near them. Provision has also been made for a certified copy of this concurrent resolution to be transmitted to the Director of the Department of Land Utilization, City and County of Honolulu.

Your Committee on Planning and Environment concurs with the intent and purpose of S.C.R. No. 158, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 158, S.D. 1.

Signed by all members of the Committee.

SCRep. 1373 Planning and Environment on S.R. No. 168

The purpose of this resolution is to request the Legislative Reference Bureau (LRB) to review the Department of Health's Administrative Rules on Solid Waste Management to determine if such rules are adequate or should be amended to alleviate problems expressed by those living near landfills.

Persons have expressed numerous complaints that landfills near or adjacent to their properties are unsightly and cause rubbish to be blown into their yards. They also complain of problems with underground fires, dust, rodents, lice, mites, and flies caused by the proximity of the landfills. In addition, there is some reason to believe that the chemicals used at landfills may contribute to various health problems such as aggravated respiratory illness, eye irritation, headaches, chest pain, and insomnia.

Your Committee finds that the urgency and sincerity of the complaints indicate that landfills may, in some instances, pose potential risks to the health and well-being of the persons living near them, and that a review of the administrative rules on solid waste management control is warranted.

Your Committee has amended this resolution by adding a "BE IT RESOLVED" clause urging the Department of Land Utilization to strongly consider establishing appropriate buffer zones around sanitary landfills to alleviate the problems expressed by the residents living near them. Provision has also been made for a certified copy of this resolution to be transmitted to the Director of the Department of Land Utilization, City and County of Honolulu.

Your Committee on Planning and Environment concurs with the intent and purpose of S.R. No. 168, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as S.R. No. 168, S.D. 1.

Signed by all members of the Committee.

SCRep. 1374 Planning and Environment on S.C.R. No. 10

The purpose of this concurrent resolution is to request that the Department of Health fulfill its mandate in ensuring a clean air environment pursuant to Section 342-22, Hawaii Revised Statutes.

Your Committee finds that vehicular smoke emission, particularly from buses constitutes an increasing air pollution problem in Hawaii.

Your Committee received testimony from the Department of Health (DOH) and finds that the DOH is mandated by Section 342-22, Hawaii Revised Statutes, to prevent, control and abate air

pollution. In addition, the Department of Health has administrative rules, Section 11-60-4, which relates to rules and regulations to control vehicular smoke emission.

Your Committee, upon consideration of the testimonies from the DOH and the American Lung Association of Hawaii, amended the bill by clarifying the DOH's mandate and responsibilities as well as the Honolulu Police Department's role in enforcing the prohibition on visible smoke emissions and idling of vehicles.

Your Committee further amended this concurrent resolution to add three provisions: 1) requiring the Department of Health to urge the federal Environmental Protection Agency to establish emission standards for diesel engines; 2) requiring the DOH to submit a progress report to the Legislature; and 3) providing for transmittal of certified copies of the concurrent resolution to the Honolulu Police Department and the Environmental Protection Agency as well as to the DOH.

Your Committee on Planning and Environment concurs with the intent and purpose of S.C.R. No. 10, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 10, S.D. 1.

Signed by all members of the Committee

SCRep. 1375 Culture, Arts and Historic Preservation on S.R. No. 96

The purpose of this resolution is to urge the Congress of the United States of America to pass legislation to protect and promote the continuation of indigenous American languages as living spoken vehicles of communication for their peoples and as treasures of the world's human heritage.

At present there are efforts to enact federal legislation declaring English as the sole official language of the United States. These efforts, if successful, can be expected to have an extremely negative impact on the survival of indigenous languages in our nation.

Your Committee received testimony in support of the resolution from the Office of Hawaiian Affairs and numerous concerned individuals.

Your Committee has amended the resolution to make a technical change which has no substantive effect.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of S.R. No. 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. 1376 Culture, Arts and Historic Preservation on Gov. Msg. No. 214

Recommending that the Senate advise and consent to the nominations to the Board of Public Broadcasting of the following:

ELAINE K. KONO, for a term ending June 30, 1990; and

MARY Y. MATAYOSHI, for a term ending June 30, 1993.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 1377 Legislative Management on H.C.R. No. 40

The purpose of this concurrent resolution is to have the leaders of the Legislature contract with the National Conference of State Legislatures to conduct an evaluation of the three legislative agencies: the Legislative Auditor, the Legislative Reference Bureau, and the Ombudsman.

These legislative agencies have provided support services to legislators in their decision making for over a decade, and the operation and jurisdiction of each agency has expanded with the growing complexity of the work in the Legislature. However, no comprehensive evaluation has ever been done to assess the operations of these agencies.

Your Committee agrees that a comprehensive evaluation by a qualified independent agency is needed to determine whether these agencies' current operations are appropriate and are meeting the needs of the Legislature.

Your Committee on Legislative Management concurs with the intent and purpose of H.C.R. No. 40, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1378 Government Operations on S.C.R. No. 7

The purpose of this concurrent resolution is to endorse the proposition that Kaula Rock is within the jurisdiction of the County of Kauai.

Recently, a conflict has arisen between the County of Kauai and the City and County of Honolulu concerning jurisdiction over Kaula Rock. The Attorney General has opined that Kaula Rock, because of an oversight in law, is under the jurisdiction of the City and County of Honolulu. Kaula Rock is only twenty-one miles from Niihau, but approximately one-hundred fifty miles from Oahu.

Your Committee feels that a legislative statement is necessary, during this session, in order to convey a message to the City and County of Honolulu to refrain from exercising any control over Kaula Rock.

Your Committee on Government Operations concurs with the intent and purposes of S.C.R. No. 7, S.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1379 Government Operations on S.R. No. 11

The purpose of this resolution is to endorse the proposition that Kaula Rock is within the jurisdiction of the County of Kauai.

Recently, a conflict has arisen between the County of Kauai and the City and County of Honolulu concerning jurisdiction over Kaula Rock. The Attorney General has opined that Kaula Rock, because of an oversight in law, is under the jurisdiction of the City and County of Honolulu. Kaula Rock is only twenty-one miles from Niihau, but approximately one-hundred fifty miles from Oahu.

Your Committee feels that a legislative statement is necessary, during this session, in order to convey a message to the City and County of Honolulu to refrain from exercising any control over Kaula Rock.

Your Committee on Government Operations concurs with the intent and purposes of S.R. No. 11, S.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1380 Government Operations on S.R. No. 47

The purpose of this resolution is to call for a study to consider the various forms of government that might be employed on the island of Molokai to allow the people of Molokai to be directly involved in decisions affecting their community.

Favorable testimony was heard by your Committee on this resolution from more than a dozen Molokai residents, the Department of Planning and Economic Development, the Molokai Farm Bureau, the Molokai Economic Justice Council, the Molokai Community Service Council, Mediation Services of Molokai, the Statewide Human Services Action Council and a University of Hawaii professor of social work familiar with the Molokai community.

Your Committee heard testimony that there is an increasing sense of discontent and resentment among people of Molokai over what is perceived as a "big brother" relationship between the Maui County government and the people of Molokai. There is a strong desire to transcend that relationship. As one Molokai resident testified before your Committee, "Molokai has its own unique identity, problems, and features. It has a strong sense of community and ohana. It is deserving of the opportunity to be a full voting partner in determining its directions and destiny...An extremely important part of this is the capacity to govern ourselves to a greater extent than we do now. I see this as a patriotic uprising from folks who believe in working within the political system to make Molokai the best possible place for us to live, work and raise our families."

Your Committee also heard testimony that while there is continuing debate as to precisely which form of government would be best for Molokai, there is unanimous opinion that some

form of government which allows Molokai residents a more direct role in decision making is essential. Your Committee further learned that many people on Molokai have done considerable research in this area, have been in communication with legislators and others on the mainland involved in similar activity, and have material and talent to contribute to this study. It is envisioned that this study would be conducted by the state in close coordination with Molokai residents.

Your Committee finds that there is strong sentiment among the residents of Molokai that some alternative form of government would better serve Molokai's needs. Your Committee finds that the proposed study has merit both in terms of analyzing what, if any, alternative form of government would be feasible for Molokai and also to finally put to rest what may be the most frequently debated topic on the island.

Your Committee further finds that this issue is important enough that your Committee itself would be the most appropriate body to conduct the study. Accordingly, the title and Be It Resolved clause of this resolution have been amended to change the body responsible for conducting the study from the Department of Planning and Economic Development to your Committee on Government Operations.

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 47, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as S.R. No. 47, S.D. 1.

Signed by all members of the Committee.

SCRep. 1381 Judiciary on Gov. Msg. No. 181

Recommending that the Senate advise and consent to the nominations of STEVEN S. C. LIM, DOUGLAS J. SAMESHIMA and DENNIS ESAKI to the Defender Council, for terms ending June 30, 1991.

Signed by all members of the Committee except Senators Holt and Kuroda.

SCRep. 1382 Judiciary on Gov. Msg. No. 182

Recommending that the Senate advise and consent to the nomination of JAMES A. KING to the Commission to Promote Uniform Legislation, for a term ending June 30, 1991.

Signed by all members of the Committee except Senators Holt and Kuroda.

SCRep. 1383 Judiciary on Gov. Msg. No. 201

Recommending that the Senate advise and consent to the nomination of HIROKO HIGASHIONNA to the Board of Registration, Island of Oahu, for a term ending June 30, 1991.

Signed by all members of the Committee except Senators Holt and Kuroda.

SCRep. 1384 Judiciary on Gov. Msg. No. 202

Recommending that the Senate advise and consent to the nominations to the Board of Registration, Kauai and Niihau of the following:

DONALD QUON, for a term ending June 30, 1991; and

MARLENE B. RAPOZO, for a term ending June 30, 1990.

Signed by all members of the Committee except Senators Holt and Kuroda.

SCRep. 1385 Judiciary on Gov. Msg. No. 230

Recommending that the Senate advise and consent to the nomination of SANFORD S. SAKUMOTO to the Board of Registration, Maui, Molokai, Lanai and Kahoolawe, for a term ending June 30, 1991.

Signed by all members of the Committee except Senators Holt and Kuroda.

SCRep. 1386 Judiciary on Gov. Msg. No. 238

Recommending that the Senate advise and consent to the nominations to the Criminal Justice Data Interagency Board of the following:

AILEEN LUM, for a term ending June 30, 1989;

MEL K. SOONG, for a term ending June 30, 1988; and

NORMAN OKAMURA, Ph.D., HAROLD J. FALK JR., and PAUL TOYOZAKI, for terms ending June 30, 1991.

Signed by all members of the Committee except Senators Holt and Kuroda.

SCRep. 1387 Judiciary on Gov. Msg. No. 203

Recommending that the Senate advise and consent to the nominations of LEE A. OHIGASHI, CLYDE UMEBAYASHI and ALLAN M. YOKOYAMA to the Hawaii Criminal Justice Commission, for terms ending June 30, 1989.

Signed by all members of the Committee except Senators Menor, Cobb, Holt and Solomon.

SCRep. 1388 Education on Gov. Msg. Nos. 190 and 169

Recommending that the Senate advise and consent to the nominations of YUKIE H. UEOKA, ARTHUR F. KOGA, CHARLENE Y. L. BELL and HIROSHI YAMASHITA to the Hawaii Education Council, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1389 Education on Gov. Msg. No. 191

Recommending that the Senate advise and consent to the nominations of ELAINE K. YAMASHITA, ALBERT K. MURASHIGE and MARY-HELEN IVEY to the Library Advisory Commission, County of Maui, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1390 Education on Gov. Msg. No. 222

Recommending that the Senate advise and consent to the nominations of CLAIRE T. HO and MARIAN D. HATTON to the Library Advisory Commission, City and County of Honolulu, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1391 Education on Gov. Msg. No. 224

Recommending that the Senate advise and consent to the nominations to the Library Advisory Commission, County of Kauai of the following:

MARTHA REMITIO, for a term ending June 30, 1990; and

DIXIE DANIEL and ALISON POMAIKAI KANE, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1392 Judiciary on S.C.R. No. 2

The purpose of this concurrent resolution is to request the Chief Justice of the Hawaii Supreme Court, the Dean of the William S. Richardson School of Law, the President of the Hawaii State Bar Association, and the Public Defender to each name a representative to an ad hoc committee to review the current use of private-appointed counsel in criminal cases involving conflicts and the possible creation of a second public defender program.

Your Committee received testimony in support of a study from the Judiciary, the Office of the Public Defender, and the William S. Richardson School of Law, University of Hawaii.

Your Committee finds that the second public defender program would provide legal representation to co-defendants as well as in situations where the primary public defender program declares conflicts with criminal defendants. That: (1) the rights of criminal defendants will suffer if the lawyers in the program become too comfortable and respond to pressure by the courts to move cases; (2) the criminal trial bar will decrease in number and new attorneys will not be afforded the training for private criminal practice that indigent criminal defense cases provide; and (3) the private

bar will no longer support public defender programs. Your Committee believes a study of a second public defender program will help resolve some of these questions.

Your Committee amended the resolution by providing that the ad hoc committee will be attached to the Judiciary for administrative purposes and deleted the provision that research support be provided by students from the William S. Richardson School of Law. The resolution as originally drafted would have attached the committee to the law school for administrative purposes and research support. Your Committee believes the ad hoc committee should be attached to the Judiciary because private court appointed counsel is administered by the Judiciary. Associate Dean Lawrence C. Foster of the University of Hawaii Law School also indicated that research support by law students cannot be guaranteed.

Your Committee on Judiciary concurs with the intent and purpose of S.C.R. No. 2, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 2, S.D. 1.

Signed by all members of the Committee except Senators Holt and Kuroda.

SCRep. 1393 Judiciary on S.R. No. 5

The purpose of this resolution is to request the Chief Justice of the Hawaii Supreme Court, the Dean of the William S. Richardson School of Law, the President of the Hawaii State Bar Association, and the Public Defender to each name a representative to an ad hoc committee to review the current use of private-appointed counsel in criminal cases involving conflicts and the possible creation of a second public defender program.

Your Committee received testimony in support of a study from the Judiciary, the Office of the Public Defender, and the William S. Richardson School of Law, University of Hawaii.

Your Committee finds that the second public defender program would provide legal representation to co-defendants as well as in situations where the primary public defender program declares conflicts with criminal defendants.

The impetus for a second public defender program is the purported cost savings over the current practice where private court-appointed counsel provide representation in conflict situations. Second public defender programs have recently been established in a number of places including Los Angeles, California; Chicago, Illinois; Topeka, Kansas; St. Louis, Missouri; Fairfield County, California; Ohio; and Alaska. On the other hand, opponents of second public defender programs believe that: (1) the rights of criminal defendants will suffer if the lawyers in the program become too comfortable and respond to pressure by the courts to move cases; (2) the criminal trial bar will decrease in number and new attorneys will not be afforded the training for private criminal practice that indigent criminal defense cases provide; and (3) the private bar will no longer support public defender programs. Your Committee believes a study of a second public defender program will help resolve some of these questions.

Your Committee amended the resolution by providing that the ad hoc committee will be attached to the Judiciary for administrative purposes and deleted the provision that research support be provided by students from the William S. Richardson School of Law. The resolution as originally drafted would have attached the committee to the law school for administrative purposes and research support. Your Committee believes the ad hoc committee should be attached to the Judiciary because private court appointed counsel is administered by the Judiciary. Associate Dean Lawrence C. Foster of the University of Hawaii Law School also indicated that research support by law students cannot be guaranteed.

Your Committee on Judiciary concurs with the intent and purpose of S.R. No. 5, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 5, S.D. 1.

Signed by all members of the Committee except Senators Holt and Kuroda.

SCRep. 1394 Judiciary on S.C.R. No. 144

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to conduct a study on foreclosures and receiverships, including providing alternatives to the present statutes and procedures. The concurrent resolution also requests the Legislative Reference Bureau to report its findings and recommendations to the 1988 Regular Session.

Your Committee believes foreclosures of real property are rising in Hawaii, and the process of selling the property at auction does not necessarily bring the best price. When this happens, both the debtor and the creditors may suffer financial loss. Your Committee is also concerned with the present procedures in appointing and paying the foreclosure commissioners, and wants

those procedures reviewed and a report issued to the 1988 Regular Session.

Your Committee on Judiciary concurs with the intent and purpose of S.C.R. No. 144 and recommends its adoption.

Signed by all members of the Committee except Senators Holt and Kuroda.

SCRep. 1395 Judiciary on S.R. No. 154

The purpose of this resolution is to request the Legislative Reference Bureau to conduct a study on foreclosures and receiverships, including providing alternatives to the present statutes and procedures. The resolution also requests the Legislative Reference Bureau to report its findings and recommendations to the 1988 Regular Session.

Your Committee believes foreclosures of real property are rising in Hawaii, and the process of selling the property at auction does not necessarily bring the best price. When this happens, both the debtor and the creditors may suffer financial loss. Your Committee is also concerned with the present procedures in appointing and paying the foreclosure commissioners, and wants those procedures reviewed and a report issued to the 1988 Regular Session.

Your Committee on Judiciary concurs with the intent and purpose of S.R. No. 154 and recommends it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senators Holt and Kuroda.

SCRep. 1396 Judiciary on S.C.R. No. 96

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to compile a list of all statutes in the Hawaii Revised Statutes that provide for civil penalties and describe the circumstances under which those penalties are assessed.

Your Committee finds that there is a tremendous proliferation of civil penalties in Hawaii's statutes and an increasing number of such penalties being enacted every year. Given these circumstances, inconsistent civil penalties for similar actions may be enacted unless the Legislature makes a careful analysis of the existing penalties and compares them with proposed legislation. In order to make such a comparison, the Legislature needs a list of all civil penalties and the circumstances under which they are assessed.

Your Committee on Judiciary concurs with the intent and purpose of S.C.R. No. 96 and recommends its adoption.

Signed by all members of the Committee except Senators Holt and Kuroda.

SCRep. 1397 Judiciary on S.R. No. 105

The purpose of this resolution is to request the Legislative Reference Bureau to compile a list of all statutes in the Hawaii Revised Statutes that provide for civil penalties and describe the circumstances under which those penalties are assessed.

Your Committee finds that there is a tremendous proliferation of civil penalties in Hawaii's statutes and an increasing number of such penalties being enacted every year. Given these circumstances, inconsistent civil penalties for similar actions may be enacted unless the Legislature makes a careful analysis of the existing penalties and compares them with proposed legislation. In order to make such a comparison, the Legislature needs a list of all civil penalties and the circumstances under which they are assessed.

Your Committee on Judiciary concurs with the intent and purpose of S.R. No. 105 and recommends it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senators Holt and Kuroda.

SCRep. 1398 (Majority) Judiciary on S.C.R. No. 47

The purpose of this concurrent resolution is to ask the Attorney General to review the effect and impact of Article III, Section 8 of the Hawaii State Constitution. This Section prohibits members of the Legislature from holding any other public office in the State with the exception of notary public, reserve police officer or civilian defense or disaster relief officers. The Attorney General is requested to review this Section and determine if there are alternative ways which will allow State agencies to utilize legislators with appropriate occupations.

Your Committee is concerned that where persons have been trained for public work such as teachers and educators, social workers, public health nurses, and other public service work, they cannot be employed in their occupations if they are also legislators.

Your Committee on Judiciary concurs with the intent and purpose of S.C.R. No. 47 and recommends its adoption.

Signed by all members of the Committee except Senators Holt and Kuroda.
Senators George and Reed did not concur.

SCRep. 1399 (Majority) Judiciary on S.R. No. 61

The purpose of this resolution is to ask the Attorney General to review the effect and impact of Article III, Section 8 of the Hawaii State Constitution. This Section prohibits members of the Legislature from holding any other public office in the State with the exception of notary public, reserve police officer or civilian defense or disaster relief officers. The Attorney General is requested to review this Section and determine if there are alternative ways which will allow State agencies to utilize legislators with appropriate occupations.

Your Committee is concerned that where persons have been trained for public work such as teachers and educators, social workers, public health nurses, and other public service work, they cannot be employed in their occupations if they are also legislators.

Your Committee on Judiciary concurs with the intent and purpose of S.R. No. 61 and recommends its adoption.

Signed by all members of the Committee except Senators Holt and Kuroda.
Senators George and Reed did not concur.

SCRep. 1400 Tourism and Recreation on Gov. Msg. No. 264

Recommending that the Senate advise and consent to the nominations of ALLEN K. HOE and DONALD M. TAKAKI to the Stadium Authority, for terms ending June 30, 1990.

Signed by all members of the Committee except Senators McMurdo, Aki, Kuroda and Ikeda.

SCRep. 1401 Tourism and Recreation on S.C.R. No. 117

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources to expedite the preparation of a master plan for Haena State Park, including provisions for both the archaeological preservation in and recreational development of the Park.

The concurrent resolution also requests the Department to expedite expenditures for parking facilities and to not make any further acquisition of property in the Haena area of Kauai until the master plan is completed and its provisions implemented.

Your Committee finds that user demand at Haena State Park, which was acquired by the Department in 1975, far exceeds the capability of the facilities. Your Committee further finds that systematic and comprehensive planning is needed to enable the maximum beneficial utilization of Haena State Park by the local Kauai community and visitors who wish to fully benefit from recreational, historical, and cultural attributes of Kauai's North Shore.

However, your Committee has been informed by the Chairperson of the Board of Land and Natural Resources that a master plan cannot be completed in time to be submitted to the 1988 Legislature. An interim plan, on the other hand, is feasible and could be fully developed within the time frame contemplated by your Committee. Therefore, your Committee has amended this concurrent resolution, including the title, to request an interim plan, with the understanding that a master plan will be developed and submitted for approval within a reasonable period of time.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.C.R. No. 117, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 117, S.D. 1.

Signed by all members of the Committee except Senators McMurdo, Aki, Kuroda and Ikeda.

SCRep. 1402 Tourism and Recreation on S.R. No. 127

The purpose of this resolution is to request the Department of Land and Natural Resources to expedite the preparation of a master plan for Haena State Park, including provisions for both the archaeological preservation in and recreational development of the Park.

The resolution also requests the Department to expedite expenditures for parking facilities and to not make any further acquisition of property in the Haena area of Kauai until the master plan is completed and its provisions implemented.

Your Committee finds that user demand at Haena State Park, which was acquired by the Department in 1975, far exceeds the capability of the facilities. Your Committee further finds that systematic and comprehensive planning is needed to enable the maximum beneficial utilization of Haena State Park by the local Kauai community and visitors who wish to fully benefit from recreational, historical, and cultural attributes of Kauai's North Shore.

However, your Committee has been informed by the Chairperson of the Board of Land and Natural Resources that a master plan cannot be completed in time to be submitted to the 1988 Legislature. An interim plan, on the other hand, is feasible and could be fully developed within the time frame contemplated by your Committee. Therefore, your Committee has amended this resolution, including the title, to request an interim plan, with the understanding that a master plan will be developed and submitted for approval within a reasonable period of time.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.R. No. 127, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 127, S.D. 1.

Signed by all members of the Committee except Senators McMurdo, Aki, Kuroda and Ikeda.

SCRep. 1403 Transportation on Gov. Msg. No. 184

Recommending that the Senate advise and consent to the nominations of C. MIKE KIDO and ERIC K. HONMA to the Commission on Transportation, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1404 Transportation on H.C.R. No. 29

The purpose of this concurrent resolution is to request the police departments of every county to increase their enforcement of established speed limits, with particular attention focused on the enforcement of minimum speed limits.

An individual is prohibited by current statute from driving a motor vehicle at a speed greater than the maximum speed limit or less than the minimum speed limit established by county ordinance.

Minimum speed limits are established to ensure a steady flow of traffic for the safety of all vehicles on a particular roadway. A single slow-moving vehicle traveling among other vehicles progressing at speeds approaching the maximum speed limit presents a potential roadway hazard.

Your Committee therefore finds that it is in the best interest of the citizens of this State to increase the enforcement of the speed limits with particular attention on those vehicles traveling at less than the minimum speed.

Your Committee on Transportation concurs with the intent and purpose of H.C.R. No. 29 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1405 Consumer Protection and Commerce on Gov. Msg. Nos. 217, 235, 246, 247, 248, 249 and 250

Recommending that the Senate advise and consent to the nominations of the following:

LLOYD Y. VAN DE CAR, WENDELL HOSEA and STANLEY M. TAKAMINE to the Consumer Advisory Council, for terms ending June 30, 1991;

JAMES L. AWAI JR., and EDWIN K. NAKAYA to the Consumer Advisory Council, for terms ending June 30, 1988;

RAYMOND S. Y. LUKE and CHESTER C. Y. KUNITAKE to the Motor Vehicle Repair Industry Board, for terms ending June 30, 1991;

TAKAO SUGAI to the Board of Public Accountancy, for a term ending June 30, 1989;

ROBERT Y. KATSURA, WILBERT S. TOMA and JAMES YASUICHI ARAKAKI to the Contractors License Board, for terms ending June 30, 1991;

HOWARD M. FUKUNAGA and DARLEAN K. KIYOKANE to the Contractors License Board, for terms ending June 30, 1989;

LISSA HAUNANI ANDREWS, ROY SAKO and KATAICHI NINOMIYA to the Board of Registration of Professional Engineers, Architects, Land Surveyors and Landscape Architects, for terms ending June 30, 1991;

RON AH LOY, M.D., MELVYN M. KANESHIRO, M.D., MANUEL A. ABUNDO JR., M.E., and MERNE C. FARRELL to the Board of Medical Examiners, for terms ending June 30, 1991; and

MARCUS NISHIKAWA to the Real Estate Commission, for a term ending June 30, 1991.

Signed by all members of the Committee except Senators Kuroda and Nakasato.

SCRep. 1406 Business Development and Pacific Relations on Gov. Msg. Nos. 243, 244 and 245

Recommending that the Senate advise and consent to the nominations of the following:

SOPHIE ANN M. AOKI to the Board of Directors, Aloha Tower Development Corporation, for a term ending June 30, 1991;

KERRY M. KOMATSUBARA and DUK HEE MURABAYASHI to the Hawaii Community Development Authority, for terms ending June 30, 1991;

LANI D. H. NAKAZAWA, THOMAS B. HAYWARD and RAYMOND D. S. LUM to the Board of Directors, High Technology Development Corporation, for terms ending June 30, 1991; and

COLIN C. CAMERON to the Board of Directors, High Technology Development Corporation, for a term ending June 30, 1989.

Signed by all members of the Committee.

SCRep. 1407 Higher Education on Gov. Msg. No. 253

Recommending that the Senate advise and consent to the nomination of GARY W. RODRIGUES to the Board of Directors, Research Corporation, University of Hawaii, for a term ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1408 Higher Education on S.C.R. No. 48

The purpose of this concurrent resolution is to request the establishment of a Pacific Tourism Training Institute within the School of Travel Industry Management (TIM) at the University of Hawaii-Manoa.

The State Tourism Functional Plan, enacted into formal policy by the Twelfth Legislature includes Article C (2)(a) which mandates the School of TIM to provide tourism education in career development and guidance programs at all levels. Training is also a part of this policy.

The visitor industry is Hawaii's primary economic mainstay, currently contributing over one-third of both the State's civilian jobs and state and county revenues.

Your Committee received favorable testimony from the UH School of TIM and finds that there is a need for additional and more varied training programs for the visitor industry due to the anticipation of a critical shortage of semi-skilled and skilled manpower in tourism-related occupations which would hinder the industry's development and growth.

Your Committee has amended the resolution as follows:

- 1) Deleted the first "BE IT FURTHER RESOLVED" paragraph and replaced it with:

"BE IT FURTHER RESOLVED that the School of Travel Industry Management provide the budgetary considerations for the establishment and operation of the Institute to the Board of Regents of the University of Hawaii for review; and";

- 2) Added a paragraph requiring that the Board of Regents submit its findings and recommendations to the Legislature twenty days prior to the convening of the Regular Session of 1988; and
- 3) Specified that the Chairman of the Board of Regents receive a certified copy of the resolution.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 48, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 48, S.D. 1.

Signed by all members of the Committee.

SCRep. 1409 Higher Education on S.R. No. 62

The purpose of this resolution is to request the establishment of a Pacific Tourism Training Institute within the School of Travel Industry Management (TIM) at the University of Hawaii-Manoa.

The State Tourism Functional Plan, enacted into formal policy by the Twelfth Legislature includes Article C (2)(a) which mandates the School of TIM to provide tourism education in career development and guidance programs at all levels. Training is also a part of this policy.

The visitor industry is Hawaii's primary economic mainstay, currently contributing over one-third of both the State's civilian jobs and state and county revenues.

Your Committee received favorable testimony from the UH School of TIM and finds that there is a need for additional and more varied training programs for the visitor industry due to the anticipation of a critical shortage of semi-skilled and skilled manpower in tourism-related occupations which would hinder the industry's development and growth.

Your Committee has amended the resolution as follows:

- 1) Deleted the first "BE IT FURTHER RESOLVED" paragraph and replaced it with:

"BE IT FURTHER RESOLVED that the School of Travel Industry Management provide the budgetary considerations for the establishment and operation of the Institute to the Board of Regents of the University of Hawaii for review; and";

- 2) Added a paragraph requiring that the Board of Regents submit its findings and recommendations to the Legislature twenty days prior to the convening of the Regular Session of 1988; and
- 3) Specified that the Chairman of the Board of Regents receive a certified copy of the resolution.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 62, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 62, S.D. 1.

Signed by all members of the Committee.

SCRep. 1410 Business Development and Pacific Relations on S.R. No. 179

The purpose of this resolution is to request the Hawaii Community Development Authority (HCDA) to hold separate public hearings on each proposed Kaka'ako parking facility in the Kaka'ako Community Development District Plan. HCDA would also be requested to publish and disseminate notices of these hearings and minutes thereof to affected property owners, business people, and residents, and notify the Legislature of the standards and procedures used to make ultimate decisions on where to locate proposed Kaka'ako parking facilities.

Your Committee received testimony from a member of the Honolulu City Council and various affected property owners and businessmen who expressed a need for public hearings on HCDA's present and future plans for the Kaka'ako area.

Your Committee finds that there is indeed a need for more public information about HCDA's

plans in light of the fact that many government officials, business concerns, and affected property owners have changed since plans for Kaka'ako were last discussed and adopted, that recent implementation of the plans have raised concerns about the contemporary utility of these years-old proposals, and that expansion of HCDA's jurisdiction is being contemplated.

Your Committee has amended this resolution to address this need by requesting HCDA to conduct public informational and orientation hearings on HCDA's present and future plans and activities for the Kaka'ako area, including but not limited to, contemplated capital improvements, parking facilities, and utility relocation. The resolution has also been amended to request HCDA to provide adequate public notice of these hearings to encourage widespread participation by affected property owners, residents, business people, and other interested members of the public, and to have copies of the minutes of these hearings conveniently available for public review.

Your Committee on Business Development and Public Relations concurs with the intent and purpose of S.R. No. 179, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 179, S.D. 1.

Signed by all members of the Committee.

SCRep. 1411 Higher Education on H.C.R. No. 110

The purpose of this House concurrent resolution is to request the University of Hawaii to prepare a proposal for educational assessment and its implementation, including costs involved, time involved, accessibility of data and priority of particular types of evaluation.

Educational assessment, at both the state and national level, is gaining increasing importance in determining whether educational institutions are satisfying executive and legislative accountability needs.

Your Committee finds that progress toward an educational assessment program has been initiated through studies conducted by the University of Hawaii and the Legislative Auditor, however, implementation of the policies has not been moving forward.

Your Committee recognizes the need for an educational assessment program in higher education and the speedy implementation of such a program.

Your Committee on Higher Education concurs with the intent and purpose of H.C.R. No. 110 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1412 Housing, Hawaiian Programs and Natural Resources on Gov. Msg. No. 255

Recommending that the Senate advise and consent to the nominations to the Land Use Commission of the following:

SHARON R. HIMENO, for a term ending June 30, 1990; and

RENTON L. K. NIP, for a term ending June 30, 1991.

Signed by all members of the Committee except Senator Solomon.

SCRep. 1413 Housing, Hawaiian Programs and Natural Resources on H.C.R. No. 55

The purpose of this resolution is to request the Department of Land and Natural Resources to conduct a study on the feasibility of a land exchange between the State and Alexander and Baldwin, Inc. (A & B) for the present site of the Maui County Fairground.

The present Maui County Fairgrounds have been the traditional site of the Maui County Fair since 1918. Your Committee finds that even though the 1984 legislature requested A & B to extend the lease till 1986 to allow time to find a permanent location for the fair, a better alternate site has not been located. Your Committee supports the preference for retaining the present site.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of H.C.R. No. 55 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1414 Housing, Hawaiian Programs and Natural Resources on H.C.R. No. 135

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources (DLNR) to enter into a land exchange with the Richard Smart Trust to benefit Waimea School.

Your Committee finds that the Department of Education has requested a land exchange between the State and the Richard Smart Trust for 12 acres of land adjacent to Waimea School. The exchange would permit future needed expansion of the Waimea School campus. Further, your Committee finds an additional five acres can be exchanged to permit expansion of the Kamuela Vacuum-Cooling Plant. Both exchanges would benefit the state by enabling important and necessary expansion of state facilities and would benefit the Richard Smart Trust by helping it consolidate its property for more efficient management. The total land areas involved in the exchange are approximately equal and are both zoned agriculture.

The concurrent resolution also requests a report by DLNR to the Legislature in 1988 if the transaction is not completed in 1987.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of H.C.R. No. 135, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senator Solomon.

SCRep. 1415 Education on S.R. No. 87

The purpose of this resolution is to request the Department of Education to report on the Mastery in Learning Project at Ahuimanu Elementary School.

Ahuimanu Elementary School has been honored by being selected as one of the twenty-seven schools across the nation in participating in the National Education Mastery in Learning Project (MILP).

MILP is a three-year pilot project where the faculty at Ahuimanu explore new approaches to learning, teaching and curriculum organization; identify alternatives for school improvement; develop specific research-based plans for reform and proceed to implement improvements.

MILP stipulates that all proposed school improvement projects must be developed after careful review of relevant and current research findings about effective teaching and learning. The result will be informed school-level decisions that positively impact the quality of education at Ahuimanu.

Your Committee heard favorable testimony from the Department of Education and representatives from Ahuimanu Elementary School and finds that the outcome of the MILP at Ahuimanu will have important implications for educational reform efforts in Hawaii and should be encouraged and supported.

Your Committee has amended this resolution by requiring the report to be made to the Legislature twenty days before the 1988 legislative session; and making technical changes which have no substantive effect.

Your Committee on Education 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. No. 87, S.D. 1.

Signed by all members of the Committee.

SCRep. 1416 Education on Gov. Msg. No. 223

Recommending that the Senate advise and consent to the nominations to the Library Advisory Commission, County of Hawaii of the following:

RUBY NIP, DIANA B. KAHLER and WINONA KUKONA, for terms ending June 30, 1991; and

ELAINE K. HAUANIO and KAREN Y. WAKATA, for terms ending June 30, 1988.

Signed by all members of the Committee.

SCRep. 1417 Culture, Arts and Historic Preservation on S.R. No. 155

The purpose of this resolution is to urge Hawaii Public Television to continue broadcasting

the series "Pets and People".

The program "Pets and People" is well-done, informative, entertaining and reaches approximately 42,000 viewers with each show. The program provides in-depth coverage on topics of interest and vital information for pet owners throughout the State of Hawaii as well as providing a forum for pet owners to voice their questions and concerns through the "Letters to the Veterinarian" segment of the program.

Your Committee heard testimony in support of the resolution from the Hawaii Public Broadcasting Authority.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of S.R. No. 155 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1418 Culture, Arts and Historic Preservation on H.C.R. No. 5

The purpose of this House concurrent resolution is to request the Legislative Auditor to conduct a financial, management, and program audit of the State Foundation on Culture and the Arts (SFCA).

The SFCA was originally established in 1965 pursuant to Act 269 to create public awareness and appreciation of culture and the arts in Hawaii. Public moneys are administered for use by a diverse group of artists, cultural associations, historical organizations, government agencies and other concerns to stimulate, guide and promote culture and the arts and history and the humanities.

Your Committee finds that a Legislative audit of the SFCA was last conducted over ten years ago to ensure that public funds were being expended for the greatest benefit to all. That audit noted certain problems in the SFCA. Although it appears that much progress has been made by the SFCA since then, your Committee finds that an audit is warranted at this time and is to the best interest of the SFCA and the people it serves.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of H.C.R. No. 5, H.D. 1, and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1419 Culture, Arts and Historic Preservation on H.C.R. No. 237

The purpose of this concurrent resolution is to request the Governor and the Mayors of Hawaii, Honolulu, Kauai, and Maui to proclaim the month of May 1987 as Hokule'a Month.

In 1976 the Hokule'a, a double-hulled voyaging canoe sailed to and from Tahiti utilizing the ancient Polynesian method of sailing. This historical Pacific voyage was the first of its kind in more than 500 years, renewing our interests and understanding of Polynesian literature, navigation, and culture.

The Hokule'a has since embarked on other voyages to expand the body of knowledge of the Polynesians, reestablish historical and cultural ties with Hawaii's Pacific Island cousins, and promote a special relationship between the State of Hawaii and Polynesia. The most recent "Voyage of Rediscovery" will return to the islands in May of this year, coinciding with the Ho'olako 1987, Year of the Hawaiian celebration.

Your Committee finds that the Hokule'a has made significant historical, scientific, educational, and cultural contributions through its Pacific voyages, and believes that it is befitting to proclaim the month of May as Hokule'a Month.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of H.C.R. No. 237, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1420 Human Services on S.C.R. No. 120

The purpose of this concurrent resolution is to request the Legislative Auditor to evaluate human services programs in various state agencies and recommend possible transfers of programs which would be better suited to other departments.

Over the years, human service needs change, and many programs which were once effective within their designated agencies may now be more effective if relocated to other agencies which are better equipped to meet the needs of particular target groups which had not been specifically identified when the original programs were established.

Your Committee finds that it would be of value to the Legislature, the state agencies and offices which maintain human services programs, and the general public, for an impartial evaluation of the state's human services programs to be conducted to ensure that such programs are operated with maximum efficacy. If this entails relocating some programs to other agencies, then it would be in the public interest to do so, and this concurrent resolution would be instrumental in making such decisions.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 120 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1421 Human Services on S.R. No. 130

The purpose of this resolution is to request the Legislative Auditor to evaluate human services programs in various state agencies and recommend possible transfers of programs which would be better suited to other departments.

Over the years, human service needs change, and many programs which were once effective within their designated agencies may now be more effective if relocated to other agencies which are better equipped to meet the needs of particular target groups which had not been specifically identified when the original programs were established.

Your Committee finds that it would be of value to the Legislature, the state agencies and offices which maintain human services programs, and the general public, for an impartial evaluation of the state's human services programs to be conducted to ensure that such programs are operated with maximum efficacy. If this entails relocating some programs to other agencies, then it would be in the public interest to do so, and this resolution would be instrumental in making such decisions.

Your Committee on Human Services concurs with the intent and purpose of S.R. No. 130 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 1422 Human Services on H.C.R. No. 96.

The purpose of this concurrent resolution is to request that an interim committee be appointed by the Governor to study methods of improving and facilitating the transition of responsibility for providing services to handicapped individuals from the Department of Education to other agencies responsible for providing services to handicapped individuals and their families.

Your Committee finds that the Department of Education provides educational services to handicapped individuals from ages 3 to 19 who require special education. However, your Committee finds that many handicapped individuals, upon attaining age 20, need counseling, employment training and independent living services and are often unclear about the availability and steps to obtain these services from the various agencies. This concurrent resolution will ensure that interagency collaboration occurs.

Your Committee, therefore, finds that an interim committee to study methods of improving and facilitating the transition of handicapped individuals from the Department of Education to other agencies is needed to provide a continuity of services to this population.

Your Committee on Human Services 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. 1423 Human Services on H.C.R. No. 63

The purpose of this concurrent resolution is to request Congress to liberalize the Medicaid eligibility provisions concerning the transfer of income and assets between and disregard of income and assets of married spouses when one requires long-term care institutionalization.

Your Committee received numerous testimonies in support of this concurrent resolution. Testimony from the American Association of Retired Persons indicates that presently, when one spouse enters a long-term care facility and applies for Medicaid while the other spouse lives at home, assets and income of both spouses are considered. With the exception of a home to which the institutionalized spouse may return, they must "spend-down" all but \$2,550 of their assets and income on the nursing care before qualifying for Medicaid assistance. This puts the non-institutionalized spouse at a decided disadvantage.

Your Committee, upon consideration of all testimonies, all of which were in support of this measure, finds that there is a need to protect the elderly from an untenable choice when one enters the nursing home, of destitution and forced divorce from their institutionalized spouse.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 63 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1424 Human Services on Gov. Msg. No. 179

Recommending that the Senate advise and consent to the nominations of RICHARD Y. SUEHIRO and NANCI KREIDMAN to the Board of Vocational Rehabilitation, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1425 Human Services on Gov. Msg. No. 256

Recommending that the Senate advise and consent to the nominations to the Advisory Council for Children and Youth of the following:

ROGELIO ROY SOTO, for a term ending June 30, 1988;

PAULINE N. NAMUO, for a term ending June 30, 1989;

VANESSA MALDONADO, for a term ending June 30, 1990; and

ROXICE L. WALTJEN, MARLENE B. MANEHA and SAMUEL J. LUNA, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1426 Human Services on Gov. Msg. No. 237

Recommending that the Senate advise and consent to the nominations to the Criminal Injuries Compensation Commission of the following:

GEOFFREY HAMILTON, for a term ending June 30, 1991; and

JACOB "JAKE" MANEGDEG, for a term ending June 30, 1990.

Signed by all members of the Committee.

SCRep. 1427 Human Services on Gov. Msg. No. 229

Recommending that the Senate advise and consent to the nominations to the Commission on the Status of Women of the following:

SANDRA YAMAMOTO and LA-LI HING, for terms ending June 30, 1989;

MARSHA R. JOYNER, for a term ending June 30, 1990; and

JEANETTE KAY WORTHY, APRIL S. APANA, TERESA M. MCGRAW, SHARON R. YAMADA and JANICE S. HIGASHI, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1428 (Joint) Higher Education and Health on S.C.R. No. 111

The purpose of this concurrent resolution is to request the University of Hawaii to plan, instigate, and carry out the transfer of Leahi Hospital to the jurisdiction, supervision,

management, and control of the Department of Health by December 31, 1992. Such actions would include locating and obtaining an alternate site for the University facilities currently located at the hospital. The University would submit status reports on its actions pursuant to this concurrent resolution to each Regular Session of the Legislature up to and including the Regular Session of 1992.

Leahi Hospital was acquired by the University of Hawaii in 1969 to serve as a teaching hospital for the School of Medicine. In 1976, the University agreed to transfer operating and management responsibilities for the Hospital to the Department of Health with the University retaining the right to utilize the Hospital facility. University activities currently occupy slightly more than twenty-one percent of the Hospital's available space.

Your Committees received testimony from the Director of Health and the Vice-President for Academic Affairs, University of Hawaii, and find that Leahi Hospital is currently under-utilized by the University. Your Committees also find that in light of current medical needs and priorities, it is crucial that the State develop long term care alternatives. Since it is more economical to establish long-term beds in an existing facility than to build a new one, your Committees find that Leahi Hospital would be a logical site to establish a permanent long term care facility, and that it is appropriate and in the public interest to request transfer at this time.

Your Committees also find that the Department of Health should assist the University with the impending relocation and other aspects of the transfer. Therefore, your Committees have amended the concurrent resolution as follows:

- (1) Requested the University to transfer title of the Leahi Hospital land under chapter 27 (part III) and 323, Hawaii Revised Statutes, on or before July 1, 1988;
- (2) Requested the Department of Health to help the University plan for and study relocation of University activities presently carried on at Leahi Hospital, including looking for funding solutions;
- (3) Requested the University to submit a report of its findings including a budget prioritization prepared by the Board of Regents prior to the 1988 Regular Session;
- (4) Requested progress reports each year until all University facilities are removed from Leahi Hospital; and
- (5) Provided for a copy of the concurrent resolution to be transmitted to the Chairperson of the Board of Regents.

Your Committees on Higher Education and Health concur with the intent and purpose of S.C.R. No. 111, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 111, S.D. 1.

Signed by all members of the Committees except Senator Solomon.

SCRep. 1429

(Joint) Higher Education and Health on S.R. No. 121

The purpose of this resolution is to request the University of Hawaii to plan, instigate, and carry out the transfer of Leahi Hospital to the jurisdiction, supervision, management, and control of the Department of Health by December 31, 1992. Such actions would include locating and obtaining an alternate site for the University facilities currently located at the hospital. The University would submit status reports on its actions pursuant to this resolution to each Regular Session of the Legislature up to and including the Regular Session of 1992.

Leahi Hospital was acquired by the University of Hawaii in 1969 to serve as a teaching hospital for the School of Medicine. In 1976, the University agreed to transfer operating and management responsibilities for the Hospital to the Department of Health with the University retaining the right to utilize the Hospital facility. University activities currently occupy slightly more than twenty-one percent of the Hospital's available space.

Your Committees received testimony from the Director of Health and the Vice-President for Academic Affairs, University of Hawaii, and find that Leahi Hospital is currently under-utilized by the University. Your Committees also find that in light of current medical needs and priorities, it is crucial that the State develop long term care alternatives. Since it is more economical to establish long-term beds in an existing facility than to build a new one, your Committees find that Leahi Hospital would be a logical site to establish a permanent long term care facility, and that it is appropriate and in the public interest to request transfer at this time.

Your Committees also find that the Department of Health should assist the University with the impending relocation and other aspects of the transfer. Therefore, your Committees have amended the resolution as follows:

- (1) Requested the University to transfer title of the Leahi Hospital land under chapter 27 (part III) and 323, Hawaii Revised Statutes, on or before July 1, 1988;
- (2) Requested the Department of Health to help the University plan for and study relocation of University activities presently carried on at Leahi Hospital, including looking for funding solutions;
- (3) Requested the University to submit a report of its findings including a budget prioritization prepared by the Board of Regents prior to the 1988 Regular Session;
- (4) Requested progress reports each year until all University facilities are removed from Leahi Hospital; and
- (5) Provided for a copy of the resolution to be transmitted to the Chairperson of the Board of Regents.

Your Committees on Higher Education and Health concur with the intent and purpose of S.R. No. 121, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 121, S.D. 1.

Signed by all members of the Committees except Senators Matsuura and Solomon.

SCRep. 1430 Health on Gov. Msg. Nos. 225, 226 and 227

Recommending that the Senate advise and consent to the nominations of the following:

TOSHIO NISHIOKA, SETSU FURUNO, Ph.D., SISTER AGNES J. MURPHY, EDGARDO PUGLIA, M.D., CAROLYN H. RICHARDSON, Ed.D., HELEN ALEXINA DYE, LURA L. O'CONNELL, BETSY A. COTTER and ERICA C. JONES to the State Planning Council on Developmental Disabilities, for terms ending June 30, 1991;

MARTIN CURNAN to the State Emergency Medical Services Advisory Committee, for a term ending June 30, 1991; and

ALBERT P. LEY, M.D., WILLIAM A. RENTI CRUZ, LILLIAN DURANT, SHERRIE Y. TOMA and DENNIS CALVIN WILLIAMS JR., to the Kauai County Subarea Health Planning Council, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1431 Health on Gov. Msg. Nos. 236 and 251

Recommending that the Senate advise and consent to the nominations of the following:

WILLIAM T. HONJIYO and MYRNA ANNE PUALEHUA KAI to the County Hospital Management Advisory Committee, County of Kauai, for terms ending June 30, 1991;

YONEMICHI MIYASHIRO, Ph.D., to the County Hospital Management Advisory Committee, County of Kauai, for a term ending June 30, 1990;

ALAN T. TSUNODA to the County Hospital Management Advisory Committee, County of Kauai, for a term ending June 30, 1989;

JOSHUA HEW to the County Hospital Management Advisory Committee, County of Kauai, for a term ending June 30, 1988; and

DONNA C. K. NAKAHARA to the State Council on Mental Health and Substance Abuse, for a term ending June 30, 1988.

Signed by all members of the Committee.

SCRep. 1432 Military and Civil Defense on H.C.R. No. 50

The purpose of this concurrent resolution is to request the State Department of Defense to examine ways in which the State and the community might extend recognition to individuals who comprise the Hawaii National Guard.

Your Committee finds that the mission of the Hawaii National Guard is to support civil authorities in the protection of life and property and to preserve peace, order, and public safety, as well as to provide trained and equipped units capable of rapid deployment in times of war or national emergency. The Hawaii National Guard also provides public assistance during disasters and emergencies. In short, the Hawaii National Guard has a singularly unique mission to serve Hawaii and the nation. This concurrent resolution will initiate the development of ways in which members of the Hawaii National Guard can be recognized for outstanding service.

Your Committee has amended this concurrent resolution to request the Department of Defense to report its findings and recommendations to the Legislature twenty days prior to the convening of the Regular Session of 1988.

Your Committee on Military and Civil Defense concurs with the intent and purpose of H.C.R. No. 50, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 50, S.D. 1.

Signed by all members of the Committee.

SCRep. 1433 (Majority) Culture, Arts and Historic Preservation on S.R. No. 79

The purpose of this resolution is to request the Department of Planning and Economic Development (DPED) to conduct a study to evaluate the feasibility of increasing public use and access of Leahi by developing a golf course within the crater of Diamond Head.

Your Committee heard testimony from the Outdoor Circle which expressed concern for the preservation of the visible outer slopes of Diamond Head. Your Committee finds that S.C.R. No. 17 and H.C.R. No. 100 addresses their concerns.

Critics have stated that only a few will benefit by the development of a golf facility. Your Committee, however, believes that even a fewer number would benefit should Diamond Head be left in its natural state. The development of a golf facility would beautify the interior of the crater with a lush, green, eye-pleasing environment.

Upon consideration of the testimony received, your Committee has amended the resolution as follows:

- (1) Changed the agency conducting the study from the Department of Planning and Economic Development to the Legislative Reference Bureau. DPED testified that the study should be done by the Department of Land and Natural Resources since Diamond Head is under their jurisdiction. Your Committee decided that the Legislative Reference Bureau, a neutral body, should conduct the study;
- (2) Deleted the "Whereas" paragraph that made reference to the Ala Wai Golf Course. Your Committee believes that a proposal for a Diamond Head Golf Course should be considered on the basis of satisfying the demands of resident golfers rather than anticipating the outcome of the controversy relating to the Ala Wai municipal golf course;
- (3) Added a new "Whereas" paragraph to read:

"WHEREAS, the interior of Leahi should be beautified and the desire to keep it in a 'natural state' should not preclude the development of active recreation;" and

- (4) Added the following phrase to the sixth "Whereas" paragraph of the resolution as amended:

"which will provide an additional golfing site within city limits;"

Senate Resolution No. 79, S.D. 2 reflects the amendments that were inadvertently omitted in the S.D. 1 version.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of S.R. No. 79, S.D. 1, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 79, S.D. 2.

Signed by all members of the Committee.
Senator Reed did not concur.

SCRep. 1434 Higher Education on Gov. Msg. No. 252

Recommending that the Senate advise and consent to the nominations to the Board of Regents, University of Hawaii of the following:

HERBERT M. RICHARDS JR., for a term ending June 30, 1990;

GLADYS AINOA BRANDT, for a term ending June 30, 1989; and

JOHN USHIJIMA, ROY Y. TAKEYAMA, EDWARD M. KUBA, RUTH ONO and HOWARD STEPHENSON, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1435 (Joint) Tourism and Recreation and Transportation on S.C.R. No. 155

The purpose of this concurrent resolution is to request a joint report from the Department of Land and Natural Resources and the Department of Transportation on the status of the implementation of the Keehi Lagoon Recreation Plan.

The Keehi Lagoon Recreation Plan was completed in 1977 by the Department of Transportation and has served as a guide for the long term improvement, management, and facility requirements of the recreational area. The Plan also recommends facilities and policies to preserve marine life and bird habitats and the promotion of recreational activities such as canoe paddling, water skiing, organized power boat racing, boating, sailing, fishing, crabbing, picnicking, bird watching, and camping.

Your Committees believe that a review of the Plan is necessary in order to preserve its relevancy in light of any changes which have occurred since 1977. More specifically, the Plan needs to be modified to meet current and future needs of the Keehi Lagoon recreation area.

Your Committees have amended this concurrent resolution by adding a new "WHEREAS" clause to reflect certain non-recreational uses for the area which are in conflict with the Plan and by making a technical amendment which has no substantive effect.

Your Committees on Tourism and Recreation and Transportation concur with the intent and purpose of S.C.R. No. 155, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 155, S.D. 1.

Signed by all members of the Committees except Senator Menor.

SCRep. 1436 (Joint) Tourism and Recreation and Transportation on S.R. No. 165

The purpose of this resolution is to request a joint report from the Department of Land and Natural Resources and the Department of Transportation on the status of the implementation of the Keehi Lagoon Recreation Plan.

The Keehi Lagoon Recreation Plan was completed in 1977 by the Department of Transportation and has served as a guide for the long term improvement, management, and facility requirements of the recreational area. The Plan also recommends facilities and policies to preserve marine life and bird habitats and the promotion of recreational activities such as canoe paddling, water skiing, organized power boat racing, boating, sailing, fishing, crabbing, picnicking, bird watching, and camping.

Your Committees believe that a review of the Plan is necessary in order to preserve its relevancy in light of any changes which have occurred since 1977. More specifically, the Plan needs to be modified to meet current and future needs of the Keehi Lagoon recreation area.

Your Committees have amended this resolution by adding a new "WHEREAS" clause to reflect certain non-recreational uses for the area which are in conflict with the Plan and by making a technical amendment which has no substantive effect.

Your Committees on Tourism and Recreation and Transportation concur with the intent and purpose of S.R. No. 165, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 165, S.D. 1.

Signed by all members of the Committees except Senator Menor.

SCRep. 1437 Tourism and Recreation on H.C.R. No. 57

The purpose of this concurrent resolution is to request the federal National Park Service to remove the entrance fees to Hawaii Volcanoes National Park, Haleakala National Park, and

Pu'uhonua O Honaunau National Park, so that those who firmly believe in the life of the land may enter those areas freely, or, alternatively, to permit persons with Hawaii Drivers' licenses or state I.D.s to enter without charge.

The concurrent resolution also affirms the position of the Legislature that the areas which were placed within the Park System for protection belong to all the people and that the institution of fees for entrance therein separates the people from the benefits of their inheritance.

The "aina", the spirit of the land and its relationship with the people, is inseparable from Hawaiian culture, as it has become inseparable from the new cultures brought to Hawaii's shores by immigrants from all parts of the world. While your Committee believes that it is appropriate for the federal government to protect, manage, and preserve these national treasures, your Committee believes that it is inappropriate to charge admission to these historic and culturally important sites, as a means to generate revenues to the federal government or to reduce appropriations to specific parks, even if native Hawaiians are exempted for religious or gathering purposes. Indeed, such fees will hinder educational, recreational, religious, and cultural uses of the parks which, your Committee is certain, was not the intent behind establishing the fees in the first place.

Your Committee finds that this concurrent resolution is consistent with the public interests of the people of Hawaii.

Your Committee on Tourism and Recreation concurs with the intent and purpose of H.C.R. No. 57, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1438 Human Services on H.C.R. No. 185

The purpose of this concurrent resolution is to request the Department of Social Services and Housing (DSSH) to conduct a study of the feasibility of two different reorganizational proposals in the Public Welfare Division to serve the Big Island of Hawaii: one establishing separate branches for East Hawaii and West Hawaii and the other establishing separate social services sections for East Hawaii and West Hawaii.

In addition, this concurrent resolution provides that the study identify the effects of the proposed reorganizations on the efficiency, effectiveness, and morale of employees, and necessary costs which may occur, and that the study, with a recommendation on action to be taken, be submitted to the Legislature prior to the convening of the Regular Session of 1988.

Your Committee received testimony in support of the resolution from the Kona Community Advisory Committee; the Child Abuse and Neglect Coalition; and Paul Kay Coronel, a professional social worker from the West Hawaii Service Unit of DSSH.

Your Committee agrees that the study requested by this concurrent resolution is needed in order to address the problems in the delivery of social services in West Hawaii and assess the effects of the proposed reorganizations.

Your Committee on Human Services concurs with the intent of H.C.R. No. 185, H.D. 1 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1439 Judiciary on H.B. No. 529

The purpose of this bill is to amend Section 189-16 of the Hawaii Revised Statutes to include a general penalty for violations of sections within Chapter 189, Part 1, HRS, for which penalties were inadvertently omitted.

This bill is intended to be a housekeeping measure to correct the fact that when certain sections of chapter 189 were repealed, the penalties were repealed. This bill corrects this oversight.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 529, 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 Holt and George.

SCRep. 1440 Judiciary on H.B. No. 572

The purpose of this bill is to propose an amendment to Article III, Section 4, and Article IV, Section 8, of the Constitution of the State of Hawaii to:

- a) Provide that a candidate for a seat in the Legislature who is unopposed after the primary election shall be considered duly elected to that seat at the primary election;
- b) Provide that the term of office of such member commence on the date of the general election; and
- c) Conform related provisions concerning the implementation of staggered terms.

The above-mentioned purposes are achieved by inserting or deleting appropriate language where necessary.

Your Committee received testimony from the Lieutenant Governor indicating that this bill addresses a policy question properly answered by the Legislature. The Lieutenant Governor noted that this bill would possibly reduce the workload during the general election, thereby minimizing costs to the State.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 572 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 Holt and George.

SCRep. 1441 Judiciary on H.B. No. 1252

The purpose of this bill is to amend Section 831-3.2, Hawaii Revised Statutes, to exempt acquittals by reason of insanity from expungement. The bill also permits arrest records of expunged cases to be made available to law enforcement agencies and the state, when such records may affect state security.

The Defendant is acquitted by reason of insanity when a defendant commits an offense, but at the time suffered from a mental disease disorder or defect which precluded responsibility. Under Chapter 704, Hawaii Revised Statutes, the Defendant is subsequently committed to the Hawaii State Hospital and, if conditionally released, subjected to continued supervision by the courts.

Your Committee believes acquittals by reason of insanity should not be expunged because, depending upon the charges, there may be instances where employment of these individuals would not be appropriate, notwithstanding a court determination that they are no longer dangerous.

Testimony in support of this measure was received from the Honolulu Prosecuting Attorney's Office and the Honolulu Police Department.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1252, 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 Holt and George.

SCRep. 1442 Judiciary on H.B. No. 904

The purpose of this bill is amend Section 571-48(7), HRS, to provide for the authority of the court to issue certain orders regarding the parent (s) or guardian (s) of a minor child.

Your Committee on Judiciary heard testimony from the Family Court in support of this bill.

Your Committee on Judiciary agrees that where the Family Court has taken jurisdiction over a minor under Section 571-11, Hawaii Revised Statutes, the Court should have authority to order parents or persons having custody of a child to act as required by law or to refrain from acts forbidden by law. The Court should also have the authority to make other appropriate orders regarding the welfare of the child.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 904, 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 Holt and George.

SCRep. 1443 Judiciary on H.B. No. 771

The purpose of this bill is to permit spouses to make valid contracts with each other except in one limited circumstance and to ratify any interspousal contracts already made which may violate the existing law.

Your Committee on Judiciary believes married persons should be able to make all kinds of contracts with each other, especially since they can now contract with regard to deeds, assignments, partnership, and inheritance rights.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 771, 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 Holt and George.

SCRep. 1444 Judiciary on H.B. No. 920

The purpose of this bill is to improve both the efficiency and effectiveness of procedures under Chapter 586, Hawaii Revised Statutes. More specifically, this bill:

- 1) Permits a state agency to file a petition on behalf of a minor or incapacitated adult when there is no "family or household member" who can initiate the petition;
- 2) Clarifies the persons who may file a petition, and the terms and conditions for issuing protective orders;
- 3) Permits orders to be served by regular mail where the respondent attended the hearing;
- 4) Creates a new section to clarify the effective dates of the temporary restraining order and of the protective order;
- 5) Creates a new section to ensure the involvement and assistance of the Department of Social Services and Housing (DSSH) in domestic abuse matters involving alleged abuse to minors.

Your Committee on Judiciary heard testimony from the Family Court and the Child & Family Service in support of this bill. Your Committee believes this bill will give the Family Court and responsible state agencies the ability to better protect the victims of domestic abuse.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 920, 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 Holt and George.

SCRep. 1445 Judiciary on H.B. No. 1000

The purpose of this bill is to clarify the definition of section 712-1242, Hawaii Revised Statutes (HRS), Promoting a Dangerous Drug in the Second Degree to bring it into conformity with section 712-1242, HRS, Promoting a Dangerous Drug in the First Degree.

Your Committee notes that the criminal law relating to drug and intoxicating compound offenses was amended in Act 112 of 1979 by adding a definition of "dosage unit" to section 712-1240, HRS. Section 712-1242, however, was not amended to include a reference to dosage units. Since both of these actions aim to curb the promotion of dangerous drugs within the State, this failure appears to be due to an oversight.

The Legislature, in 1979 found that drugs, while commonly sold in tablets, capsules, or other forms covered by existing drug law, are also distributed and sold in forms which are not covered. The Legislature believed that the addition of the definition of "dosage unit" would lessen the promotion of dangerous drugs within the State.

Accordingly, Act 112 of 1979 amended section 712-1241, HRS, to provide that a person commits the offense of promoting a dangerous drug in the first degree if he knowingly distributes 50 or more dosage units containing one or more dangerous drug.

Your Committee finds that amending section 712-1242, HRS, to bring it into conformance with section 712-1242, HRS, will correct an apparent oversight which has resulted in an inconsistency in our drug laws.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1000 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 Holt and George.

SCRep. 1446

Judiciary on H.B. No. 539

The purpose of this bill is to extend the exemption from the State Tort Liability Act to all tort claims which arise from National Guard activities involving technicians as defined in Section 709 of Title 32 United States Code (USC).

The proposed changes are needed because the current provisions of the State Tort Liability Act do not immunize the State from tort claims based on conduct by members of the National Guard employed as federal technicians. Such torts are exclusively covered under the Federal Tort Claims Act because for the purposes of the Federal Tort Claims Act, National Guard technicians are Federal employees.

If the present law is not changed, the State will needlessly remain exposed to claims arising out of the activities of National Guard technicians. The Federal Tort Claims Act already provides an appropriate remedy, which should be an exclusive remedy.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 539, 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 Holt and George.

SCRep. 1447

Judiciary on H.B. No. 105

The purpose of this bill is to make violations of chapter 489 per se violations of section 480-2 and to apply to chapter 489 violations the rights and penalties available under section 480-2.

Your Committee heard testimony in support of the bill from the American Civil Liberties Union, the State Commission on the Handicapped, the Hawaii Centers for Independent Living and the State Department of Commerce and Consumer Affairs. The Hawaii Hotel Association also presented testimony, not in opposition to the bill, but to the penalties provided. Your Committee is in agreement with the laudatory purpose of this bill, and believes it will serve to make it clear that the people of the State of Hawaii will not condone any discriminatory practices in public accommodations.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 105, 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 George.

SCRep. 1448

Judiciary on H.B. No. 1710

The purpose of this bill is to allow the courts appoint the clerk of the court to act as guardian for the property of a protected person who has resources of no more than \$8,000. The bill would also increase the limit, to which such an estate can increase in value, to \$13,000 from the current \$5,000. At that point, the court may appoint a private guardian or retain the clerk.

Your Committee received testimony from the Judiciary in support of this bill.

Currently, to be eligible for service from the Judiciary's Small Guardian program the person's estate must be no more than \$3,000. Most persons served by this program are incompetent or incapacitated adult persons who are unable to handle their affairs and who usually have no family members who are available to manage their affairs for them. The small size of the estates preclude their management of professional trustees in the private sector. This bill would increase the ceiling to \$8,000, a relatively small amount and one which would not support outside professional management.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1710, 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 Holt and George.

SCRep. 1449

Judiciary on H.B. No. 574

The purpose of this bill is to require the filing of a metes and bounds description, a certified plat map, and a letter of a registered professional surveyor certifying that the description conforms to the plat map, when recording transfer or separate description documents for lots in a subdivision.

Your Committee on Judiciary heard testimony from the Hawaii Association of Realtors supporting this bill. The testimony indicated subdivided property can be recorded at the Bureau

of Conveyances without having received subdivision approval from the county. This bill will require that whenever a transfer or separate description document is filed for a subdivision lot, a metes and bounds description, a certified plat map, and a letter from a professional surveyor must also be filed. In addition, any lots created before county subdivision laws went into effect are "grandfathered" in by being exempted from this new subsection.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 574, 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 Holt and George.

SCRep. 1450 Judiciary on H.B. No. 1256

The purpose of this bill is to amend Chapter 706, HRS, by adding a new section that would clarify the meaning of day, month and year by defining such terms. Also this bill would add a new section that would define "time of release."

Your Committee on Judiciary agrees that this bill will clarify the determination of periods of time, as well as clearing up confusion about the time to release prisoners.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1256, 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 Holt and George.

SCRep. 1451 Judiciary on H.B. No. 921

The purpose of this bill is to amend Section 571-2(17), Hawaii Revised Statutes, to conform the definition of "status offender" to the provisions in Section 571-11(2), Hawaii Revised Statutes.

The Judiciary testified that this bill is a housekeeping measure that would correct the inconsistency of the "status offender" definition in the Hawaii Revised Statutes.

Your Committee finds that in 1983, the Legislature enacted Chapter 587, Hawaii Revised Statutes, (Child Protective Act), to give the Family Court jurisdiction over certain abused and neglected children. Accordingly, Act 171 amended and renumbered Section 571-11(2) to delete references to these abused and neglected children. Due to an oversight, however, Section 571-1(17), Hawaii Revised Statutes, was not amended and therefore, references to "status offenders" are inconsistent.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 921 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 Holt and George.

SCRep. 1452 Judiciary on H.B. No. 849

The purpose of this bill is to expand the grounds upon which a person may petition the family court for a protective order in domestic abuse cases under Chapter 586, Hawaii Revised Statutes.

Under the present law, the petition for protective order must allege that physical abuse may have occurred or that threats of physical abuse are imminent.

The bill's proposed revision is based on recommendations made by the Oahu Spouse Abuse Task Force in their report "Breaking the Cycle of Violence." The bill revises §586-3, Hawaii Revised Statutes, to allow a person to petition for a protective order under circumstances where extreme psychological abuse or malicious property damage is imminent.

Your Committee heard testimony in support of the bill from the Victim/Witness Kokua Services, Oahu Spouse Abuse Task Force, and Hawaii Women Lawyers.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 849, 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 Holt and George.

SCRep. 1453 Judiciary on H.B. No. 1336

The purpose of this bill is to provide for the ready identification of will preparers by requiring that their names, attorney code numbers (where applicable), addresses, and telephone numbers be affixed to the will.

Your Committee on Judiciary heard testimony from a person who has tried to identify the attorney who prepared his father-in-law's will. The person testified that he, as well as the family of his father-in-law, believe that the will did not accurately reflect his father-in-law's intentions. Unfortunately, because the attorney cannot be identified, the family has no recourse.

Your Committee believes that wills which determine the disposition of hard-earned assets should be carefully prepared in accord with the testator's intent as well as to accurately reflect applicable State law. Your Committee further believes that the identification of will preparers will add little or no burden to the preparer, but will immensely aid interested parties in identifying the will preparer.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 1336, 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 Holt and George.

SCRep. 1454 Judiciary on H.C.R. No. 101

The purpose of this concurrent resolution is to request the Traffic Violations Bureau of the Judiciary to evaluate the process of handling parking tickets which are issued to jurors and witnesses, to recommend ways to improve the process of handling these parking tickets, and to report its findings and recommendations to the 1988 Regular Session of the Legislature.

Your Committee is aware that jurors and witnesses in judicial proceedings perform important civic duties in our democratic system of government. For this reason, your Committee believes jurors and witnesses should not be penalized when their presence at court results in their receiving parking tickets. Your Committee believes the Traffic Violations Bureau should evaluate this situation and report its findings and recommendations to the Legislature in 1988.

Your Committee on Judiciary concurs with the intent and purpose of H.C.R. No. 101 and recommends its adoption.

Signed by all members of the Committee except Senators Holt and George.

SCRep. 1455 Judiciary on H.C.R. No. 94

The purpose of this concurrent resolution is to request the adult probation division of the first circuit to conduct a study on intensive surveillance programs of other states with a view toward implementing such a system in Hawaii.

Your Committee finds that Hawaii's continuing problem of overcrowding in state correctional facilities, presents an urgent need to implement alternatives to incarceration that can effectively reduce the incarcerated population without compromising the public safety. One alternative is an intensive surveillance program which would strictly monitor the offender in the community.

Your Committee notes that the adult probation division of the First Judicial Circuit has begun implementing a management classification system called the case management system which categorizes offender by risk (their probability of committing a new offense) and tailors supervision to these risk categories. In order to effectively implement the case management system, the adult probation division drafted a proposal for a demonstration project of an intensive surveillance program which would provide comprehensive data which is not currently available at a cost of about \$140,000. Other states have experimented with similar programs and obtained positive results.

Your Committee believes that before this State embarks on any new intensive surveillance program, it would be advisable to review the experiences of other states in their experimental programs.

Your Committee on Judiciary concurs with the intent and purpose of H.C.R. No. 94 and recommends its adoption.

Signed by all members of the Committee except Senators Holt and George.

SCRep. 1456 Agriculture, Energy and Ocean Resources on S.R. No. 188

The purpose of this resolution is to express legislative support for the concept of submarine tours in Hawaii.

Sub Aquatics Development Corp. is the first and only company in the world to complete the development, manufacture and operation of specially-designed passenger submarines for the purpose of providing underwater tours in tropical resort areas. The Atlantis submersible is a free-swimming, non-polluting, self-powered submarine with an operating depth capability of 150 feet and a capacity for 48 passengers and two crew members.

The company plans to provide tours on three islands, employing 180 people, using six submersibles operating 6.5 days per week.

Your Committee finds that the positive effects of this operation extend far beyond its commercial and economic aspects in that the operation will support the State's longstanding objectives of promoting scientific research, education and general public awareness of ocean resources.

Your Committee received testimony from Greenpeace expressing concern for the safety of the submarine in close proximity to large male humpback whales which can be aggressive in Hawaiian waters. Additional testimony from the Audubon Society expressed concern that the regulation and permit processes should be clearly defined to prevent overexploitation of the resource, overcapitalization of the industry by competing interests, or damage to the environment as has allegedly occurred in the helicopter tour business in Hawaii.

Your Committee adopted the recommendation of the department of planning and economic development by changing the second "WHEREAS" clause on page 4 by substituting the word "appear" for the word "are" at the beginning of the second line.

This amendment is to remove any impression that Atlantis Submarines, Inc. has met the standards or passed permit processes which are required for this operation.

Your Committee received testimony in support of this resolution from the department of planning and economic development, Barbara Klemm, a marine science public school teacher; and Barry Bellechambers, director of Atlantis Submarines, Inc. Additional testimonies were heard from Safe Solutions, Eryn K. Moss, the Audubon Society, and Greenpeace dealing primarily with the environmental, and organizational concerns of the resolution.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.R. No. 188, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 188, S.D. 1.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1457 Agriculture, Energy and Ocean Resources on Gov. Msg. No. 242

Recommending that the Senate advise and consent to the nominations to the Hawaii Fisheries Coordinating Council of the following:

GEORGE M. OKUHARA, for a term ending June 30, 1988; and

JAMES PAISHON and JOSEPH "DOLLY" MAKUA, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1458 Agriculture, Energy and Ocean Resources on Gov. Msg. No. 234

Recommending that the Senate advise and consent to the nominations of JACK M. BANKS JR., CHARLES Y. NAGAMINE, SHEILA CONANT, Ph.D., and ANNE F. LEE to the Advisory Committee on Pesticides, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1459 Health on H.C.R. No. 166

The purpose of this concurrent resolution is to request the counties to work in concert with the Hawaii Lions Eye Bank-Makana Foundation to provide encouragement and assistance to persons wishing to provide an organ donation by (1) posting notices and signs at licensing bureaus informing interested persons about the program, and (2) providing space in the licensing bureau for registration forms and informational brochures about the program.

Although a formal mechanism currently exists which permits the designation on an individual's driver's license of the desire of the individual to be an organ donor, few citizens are aware of this process due to the lack of publicity. Furthermore, while the need for transplantable organs and tissues continues to grow, availability has not kept up with demand. Your Committee believes that authorizing the Hawaii Lions Eye Bank-Makana Foundation to have informational brochures and registration forms available to the public in the various driver's licensing stations throughout the State would benefit this critically needed program by reaching those people who may wish to register to donate their organs and tissues.

Your Committee finds that the Hawaii Lions Eye Bank-Makana Foundation is willing to cooperate with the various county licensing bureaus by providing the necessary posters and brochures and maintaining an adequate supply of registration forms with no cost incurred by the counties.

Your Committee on Health concurs with the intent and purpose of H.C.R. No. 166, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1460 Health on H.C.R. No. 22

The purpose of this concurrent resolution is to strongly urge the United States Congress to expedite and enact legislation which would provide comprehensive health care services to native Hawaiians.

Your Committee finds that the Hawaiian population is subject to a much higher level of chronic health problems than the general population and that a survey of native Hawaiians indicates that health needs are a concern second only to housing. The Department of Health indicated that the work necessary to reduce morbidity and mortality among Hawaiians is a complex job involving many disciplines and that its ability to attack the problem is severely limited by available resources.

This concurrent resolution would reaffirm the Legislature's concern for the problem and send a clear message to Congress that federal assistance is needed as soon as possible.

Your Committee has amended the concurrent resolution by correcting spelling and grammatical errors in the title and by changing the reference to "resolution" to "concurrent resolution" in the last "BE IT FURTHER RESOLVED" clause.

Your Committee on Health concurs with the intent and purpose of H.C.R. No. 22, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 22, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1461 Health on H.C.R. No. 64

The purpose of this concurrent resolution is to request the Department of Health, working closely with the Department of Personnel Services, to investigate ways in which the shortage of physical therapists, occupational therapists, and recreational therapists might be reduced and possibly eliminated.

The investigation would include, but not be limited to the following:

- (1) Review of recruitment incentives for the public sector, with special emphasis on the exceptional students in the public schools and other state care facilities;
- (2) The feasibility of maintaining therapists under the shortage category classification;
- (3) Review of the possibility of classifying these shortage areas for "shortage category rates";
- (4) Placing physical therapists who work in public schools on a work schedule similar to that of public school teachers;
- (5) Development of Hawaii-based educational opportunities in these areas; and
- (6) Other methods which would increase the number of trained therapists available in the State.

Your Committee finds that there is a severe shortage of qualified therapists in the State, especially in the public schools. This concurrent resolution would be a constructive means of addressing the problem.

Your Committee on Health concurs with the intent and purpose of H.C.R. No. 64, H.D.1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1462 Health on H.C.R. No. 232

The purpose of this concurrent resolution is to request the Department of Health, working with the Department of Social Services and Housing and other relevant agencies, to continue to study the problems associated with the medically indigent and underinsured population in Hawaii. The concurrent resolution also requests an investigation of the reasons behind the recent decrease in Medicaid recipients in light of the increase of the overall population of Hawaii.

The problems associated with indigent care and other categories of our population who constitute "gap groups" with respect to Hawaii's prepaid health care programs, are multiple and complex. These problems include, but are not limited to, identifying the numbers of individuals affected and the types of services which might be needed, the costs to health care facilities in providing uncompensated care, and how the need for health services is interrelated with Medicaid eligibility and other public assistance programs.

This concurrent resolution would provide information needed to address the problem of medical indigency in Hawaii.

Your Committee on Health concurs with the intent and purpose of H.C.R. No. 232, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1463 Health on H.C.R. No. 9

The purpose of this concurrent resolution is to request Healthcare Association of Hawaii and the County/State Hospital System to submit a report to the Legislature on the efforts of Hawaii's hospitals to control hospital costs and the results of those efforts.

The report would include, but not be limited to, the following:

- (1) Review of the assessment of the Diagnostic Related Group System in Hawaii;
- (2) The effects of recent and foreseeable changes in the Medicare/Medicaid programs;
- (3) Specific problems which contribute to increases in hospital costs; and
- (4) A description of the current reimbursement systems, including government, private, and third party programs, with an explanation as to how a facility profits or loses money.

Health care costs, including hospital costs, are the subject of much scrutiny and debate. These costs have increased dramatically over the years as the costs of medical technology, the healthcare workforce, and reimbursement mechanisms have also changed.

Your Committee finds that health care planning laws, recent federal reimbursement program amendments, competition, and individual hospital voluntary efforts, among other things, have all contributed to cost-containment efforts. Also, there are other innovative programs underway in Hawaii and across the nation that should contribute to these cost-control efforts. This concurrent resolution will produce information relevant to Hawaii's efforts to combat the high cost of health care.

Your Committee on Health concurs with the intent and purpose of H.C.R. No. 9, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1464 Legislative Management on H.C.R. No. 201

The purpose of this concurrent resolution is to request that a task force be established to

examine the development of Kapolei, Ewa, as a second city and to recommend improvements or actions to accelerate activity in Kapolei.

The City and County of Honolulu has designated Ewa as a second urban city. As this designation is without precedent in Hawaii's history, commitment to long-term planning and development of the area is necessary.

Your Committee finds that a task force to examine the development of Kapolei as a second city and to recommend improvements or actions to accelerate activity in this area would be beneficial to the people of Honolulu, and ultimately the State as well.

Your Committee on Legislative Management concurs with the intent and purpose of H.C.R. No. 201, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1465 Business Development and Pacific Relations on H.C.R. No. 147

The purpose of this concurrent resolution is to request the Legislative Reference Bureau (LRB) to conduct a study of problems facing small business in Hawaii and propose solutions for consideration by the Legislature. It also specifies several approaches to encouraging business growth for the Legislative Reference Bureau to consider.

Your Committee finds there are many factors which may potentially inhibit small business establishment and growth in Hawaii. This study would be an appropriate means of assessing the impact of these factors and devising remedies for them.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of H.C.R. No. 147, H.D. 1, and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senators Cobb, B. Kobayashi, Matsuura, J. Wong and Ikeda.

SCRep. 1466 Business Development and Pacific Relations on H.C.R. No. 234

The purpose of this concurrent resolution is to request the Governor to proclaim 1988 as the year of telecommunications in the State of Hawaii.

Your Committee finds that telecommunications is a primary high technology niche industry for Hawaii and one that is important to the development of other high technology activity throughout the State. This proclamation will focus attention upon the growing importance of telecommunications in our State's economic plans.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of H.C.R. No. 234 and recommends its adoption.

Signed by all members of the Committee except Senators Cobb, B. Kobayashi, J. Wong and Ikeda.

SCRep. 1467 (Majority) Tourism and Recreation on S.R. No. 85

The purpose of this resolution is to request the Department of Land and Natural Resources to transfer certain state lands known as the "Old Government Road" to the City and County of Honolulu for use as a public park.

Your Committee finds that despite certain claims to the contrary, the lands known as the "Old Government Road" is state property. This finding is based on a State Supreme Court decision in a case entitled In Re Application of Kelly, 50 Hawaii 567 (1968) and recently confirmed by the Attorney General on April 16, 1987 at the request of the Department of Land and Natural Resources.

Your Committee believes that public access to beaches is vitally important and that this property must be retained in public ownership for recreational purposes. Your Committee also believes that the requested transfer to the City and County of Honolulu is only one of several approaches to protecting the public's right to this property. Your Committee therefore, has amended this resolution in response to this and changed the title for consistency.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.R. No. 85, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 85, S.D. 1.

Signed by all members of the Committee.
Senator Kuroda did not concur.

SCRep. 1468 (Majority) Tourism and Recreation on H.C.R. No. 18

The purpose of this concurrent resolution is to advise the Department of Land and Natural Resources that the Legislature is firm in its position that the "Old Government Road" at Diamond Head should remain open to the public, and to request the Department to take necessary actions to prevent the sale or long term lease of any portion of the Road to any private land owner or for any non-public use.

Your Committee finds that despite certain claims to the contrary, the lands known as the "Old Government Road" is state property. This finding is based on a State Supreme Court decision in a case entitled In Re Application of Kelly, 50 Hawaii 567 (1968) and confirmed by the Attorney General on April 16, 1987 at the request of the Department of Land and Natural Resources.

Your Committee believes that the public access to beaches is vitally important and that this property must be retained in public ownership for recreational purposes.

Your Committee on Tourism and Recreation concurs with the intent and purpose of H.C.R. No. 18, H.D. 2, and recommends its adoption.

Signed by all members of the Committee.
Senator Kuroda did not concur.

SCRep. 1469 Planning and Environment on H.C.R. No. 172

The purpose of this concurrent resolution is to ensure that the Pesticide Action Plans developed under Act 127-85, Pesticides and Environmental Quality, are implemented in a coordinated fashion with the assistance of the Office of Environmental Quality Control (OEQC) and that the Legislature and interested parties are informed of the progress and needs required to implement the plans.

Your Committee finds that under Act 127-85, affected agencies and institutions such as the Department of Agriculture, the Department of Health, the Cooperative Extension Service, the Honolulu Board of Water Supply, and The Farm Bureau which have invested substantial time and resources into developing a consensus on numerous issues and problems relating to pesticides. The Pesticide Action Plans have only recently begun to be implemented in spite of the June 30, 1987 termination date of Act 127-85.

Your Committee also finds that these plans will require continued coordination between agencies and should serve as a broad context by which the State can measure improvements and progress in how pesticides are regulated in Hawaii. Your Committee further finds that OEQC can continue to facilitate the development and evolution of the Pesticide Action Plans by coordinating their development and reporting to the Legislature on progress made under the plans. Also, OEQC should report to the 1988 Legislature with a coordinated outline of initiatives required to continue progress under the plans as determined by the affected agencies.

Your Committee on Planning and Environment concurs with the intent and purpose of H.C.R. No. 172 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1470 Planning and Environment on H.B. No. 379

The purpose of this bill is to improve and streamline the environmental impact statement (EIS) preparation, review and approval process.

To effectuate this purpose, the bill amends existing law as follows:

- (1) Includes the definitions for "draft" and "final" EIS in recognition of what is actually occurring in practice over the past ten years by EIS preparers and government agencies to describe EIS documents prepared pursuant to Chapter 343, Hawaii Revised Statutes. The distinction between the terms draft and final statement further identifies the two separate stages involved in the environmental impact statement preparation, review and approval process. Thus, the bill codifies the existing practice and clarifies the timing of the EIS process;
- (2) Specifies a period of forty-five days for public review and comment relating to the

draft statement which is the initial statement filed for public review;

- (3) Requires the accepting authority to either accept or reject the final EIS, which is the document that has incorporated the public's comments and the responses to those comments, within thirty days, instead of the present sixty days; and provides for a fifteen day extension at the request of the applicant;
- (4) Requires an environmental assessment for actions which propose any use within the boundaries of the Waikiki Special District, and any reclassification of any land classified as conservation district by the State Land Use Commission; and
- (5) Directs the Environmental Council to prescribe procedures for the preparation and contents of an environmental assessment including the procedures for the withdrawal of a statement.

Your Committee received numerous testimonies and finds that the Environmental Council in working with Hawaii's EIS process over the years, has identified several deficiencies and sources of inefficiency in the overall system of EIS preparation, review and approval. This bill is a necessary measure that will correct the deficiencies and provide for an improved and streamlined system.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 379 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1471 Planning and Environment on Gov. Msg. Nos. 205, 232, 233, 261, 262, 263 and 266

Recommending that the Senate advise and consent to the nominations of the following:

CLYDE H. MURASHIGE and HARUO NAKAGAWA to the Aquatic Life and Wildlife Advisory Committee, County of Maui, for terms ending June 30, 1991;

LEIGHTON ALMEIDA to the Aquatic Life and Wildlife Advisory Committee, City and County of Honolulu, for a term ending June 30, 1990;

GILBERT S. KURATA, BRUCE K. C. HOM and BERT H. NAGAI to the Aquatic Life and Wildlife Advisory Committee, City and County of Honolulu, for terms ending June 30, 1991;

MICHAEL MURANAKA, MICHAEL TOKUNAGA and ERIC M. TAKATA, D.D.S., to the Aquatic Life and Wildlife Advisory Committee, County of Hawaii, for terms ending June 30, 1991;

COLETTE M. SAKODA, GEORGE KRASNICK, KO HAYASHI and WAYNE P. LAW to the Environmental Council, for terms ending June 30, 1991;

WAYNE TANJI, GERALD N. TAKAMURA and HERMAN Y. W. CHONG JR., to the Aquatic Life and Wildlife Advisory Committee, County of Kauai, for terms ending June 30, 1991;

HAROLD F. SUGIYAMA to the Board of Certification of Operating Personnel in Wastewater Treatment Plants, for a term ending June 30, 1990;

WARREN MIYAO, NICANOR MUSCICO and HAROLD YEE to the Board of Certification of Operating Personnel in Wastewater Treatment Plants, for terms ending June 30, 1991; and

AGNES P. PERREIRA to the Environmental Council, for a term ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1472 Labor and Employment on H.B. No. 132

The purpose of this bill is to eliminate a presumption which links a marital status change to residency which is a condition of public employment in Hawaii.

The bill deletes archaic language in the law on citizenship and residency of government officials and employees.

Your Committee received favorable testimony on this measure from the Department of Civil

Service, City and County of Honolulu and finds that there is no basis to continue an exemption for a residency requirement based on a person's change in marital status.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 132 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1473 Agriculture, Energy and Ocean Resources on H.C.R. No. 238

The purpose of this concurrent resolution is to request a study by the University of Hawaii's Sea Grant Program on the feasibility of developing a Hawaii Oceanbook similar to The Oregon Oceanbook.

The Oregon Oceanbook, developed by the State of Oregon in 1985, is a comprehensive, illustrated text integrating basic oceanographic and research data which describes and characterizes Oregon's ocean for the interested public.

Your Committee finds that a "Hawaiian Oceanbook" could be used as an educational tool, increasing public awareness and providing valuable information to professionals and laymen.

Increased demand for energy, minerals, food, and growing technological capability, in addition to traditional ocean uses, has created a need for a publication that can integrate fundamental oceanographic concepts with basic research findings.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 238 and recommends its adoption.

Signed by all members of the Committee except Senators Blair, Young and Henderson.

SCRep. 1474 Agriculture, Energy and Ocean Resources on H.C.R. No. 183

The purpose of this concurrent resolution is to provide encouragement and support to Hawaii's congressional delegation as they work to persuade their colleagues to reject the unnecessary and unsound proposal of the Reagan Administration to reduce the price support level of sugar to 12 cents per pound.

Your Committee finds that Hawaii's congressional delegation has worked effectively, and continues to use every means available to maintain the sugar industry as an essential component of Hawaii's economic and social fabric. However, the delegation does need a strong, clear message from the people of Hawaii that their efforts are needed, appreciated and fully supported.

Your Committee also finds that even in the short run, U.S. consumers would benefit little from a reduction in price support for sugar. In the long run, a drop in the U.S. support price to 12 cents could lead to the demise of the U.S. sugar industry, leaving the United States at the mercy of a world sugar situation in which national controls on production, marketing, importing, and exporting, exclude any possibility of fair and free market trade.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 183, H.D.1, and recommends its adoption.

Signed by all members of the Committee except Senators Blair, Young and Henderson.

SCRep. 1475 Agriculture, Energy and Ocean Resources on H.C.R. No. 207

The purpose of this concurrent resolution is to request the Department of Accounting and General Services, in consultation with the University of Hawaii, the Department of Transportation, and the Pacific Maritime Academy, to conduct a study on ensuring the availability and quality of maritime education in Hawaii. The study would include the construction of facilities at Snug harbor or other suitable sites to accommodate the operations of the Pacific Maritime Academy and other similar educational institutions and the use of temporary revocable leases as an interim measure to address this purpose.

Your Committee finds the Pacific Maritime Academy to be a vital part of Hawaii's employment training services, potentially making Hawaii a center of pacific maritime education. The Pacific Maritime Academy offers training, licensing and certification of merchant marine officers, motorboat and other vessel operators, celestial navigation, marine diesel engineering, and radar endorsement. The only major constraint on the Academy is a lack

of adequate facilities on or near the water.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 207, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Blair, Young and Henderson.

SCRep. 1476 Labor and Employment on Gov. Msg. Nos. 259 and 260

Recommending that the Senate advise and consent to the nominations of the following:

BYRON BENDER, DAYTON M. NAKANELUA and JUSTIN WONG to the Board of Trustees, Hawaii Public Employees Health Fund, for terms ending June 30, 1991; and

WALLACE Y. KUNIOKA to the Board of Trustees, Hawaii Public Employees Health Fund, for a term ending June 30, 1988.

Signed by all members of the Committee.

SCRep. 1477 Labor and Employment on Gov. Msg. No. 258

Recommending that the Senate advise and consent to the nomination of GERALD K. MACHIDA to the Hawaii Labor Relations Board, for a term ending December 1, 1993.

Signed by all members of the Committee.

SCRep. 1478 Labor and Employment on Gov. Msg. No. 257

Recommending that the Senate advise and consent to the nominations to the Board of Trustees, Employees' Retirement System of the following:

GORDON KANJI UYEDA, for a term ending January 1, 1991; and

JERRY A. RUTHRUFF, for a term ending January 1, 1993.

Signed by all members of the Committee.

SCRep. 1479 Labor and Employment on Gov. Msg. No. 239

Recommending that the Senate advise and consent to the nominations to the Board of Trustees of the Deferred Compensation Plan of the following:

JULIANNE BARLOW NOWELL and JOHN E. MIN, for terms ending June 30, 1989; and

GORDON H. ITO, for a term ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1480 Labor and Employment on Gov. Msg. No. 183

Recommending that the Senate advise and consent to the nominations of MELVYN T. MURAKAMI and RUTH E. K. WALKER to the Civil Service Commission, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1481 Business Development and Pacific Relations on H.C.R. No. 256

The purpose of this concurrent resolution is to direct the High Technology Development Corporation to work with all telecommunications carriers serving Hawaii to ensure that Hawaii takes advantage of the possibilities offered by the 1988 California to Hawaii fiber-optic undersea cable installation, to enable Hawaii to become the hub for trans-Pacific telecommunications traffic.

Your Committee recognizes the critical importance of a modern, efficient, and cost effective telecommunications infrastructure for the economic development and well being of the State of Hawaii. This concurrent resolution would help to promote private investment in information-based industries which will create employment, produce growth in telecommunications usage and services, and encourage diversity in telecommunications technology, thus assuring Hawaii's role as the center for telecommunications in the Pacific.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of H.C.R. No. 256, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Aki, Matsuura, Menor and A. Kobayashi.

SCRep. 1482 Housing, Hawaiian Programs and Natural Resources on H.B. No. 534

The purpose of this bill is to amend Chapter 183D, Hawaii Revised Statutes (HRS) to authorize the Department of Land and Natural Resources (DLNR) to issue permits to control noxious animals or collect wildlife at night on private property.

Currently, Section 183D-27, HRS, prohibits hunting game birds and mammals and wild birds and mammals at night. Conversely, Section 183D-61, allows DLNR to issue permits to take and destroy birds and mammals, on private property, which may be damaging to agriculture and aquaculture, or which constitute a nuisance or health hazard, and to take and collect birds and mammals for scientific, educational or distribution purposes. In many cases, the most effective way to control or collect animals is at night when they are more vulnerable.

This bill proposes to clear up any conflicts within the HRS relating to the prohibition against night hunting on private lands.

Your Committee heard supporting testimony from DLNR and finds that this measure is of significant importance in responding to the hundreds of animal damage, nuisance and health hazard complaints and scientific or educational collecting requests received by DLNR.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 534 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1483 Housing, Hawaiian Programs and Natural Resources on Gov. Msg. No. 254

Recommending that the Senate advise and consent to the nominations of JOHN KEKUHAUPI'O KAMALANI and ANDREW APANA to the Hawaiian Homes Commission, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 1484 Housing, Hawaiian Programs and Natural Resources on S.R. No. 152

The purpose of this resolution is to request the Department of Land and Natural Resources (DLNR) to inventory all trails, roadways and access routes which have either been, or may be, impacted by developments and make recommendations for protecting and preserving those routes in coordination with appropriate agencies of the various counties.

The resolution further requests that DLNR commence the inventory and study by first focusing its attention to West Hawaii, between Upolu Point and Punalu'u.

Your Committee finds that many members of the public, particularly in rural areas, have come to rely on these trails, roadways, and other routes to gain access to valuable resource areas to gather food, plants and other natural products traditionally and customarily used by many Hawaii residents for cultural, religious and subsistence purposes. However, various development projects have negatively and adversely impacted upon trails and roadways.

Article XII, Section 12 of the Hawaii State Constitution reaffirms a state policy to protect rights traditionally and customarily exercised for cultural, religious and subsistence purposes by Hawaiians.

Your Committee has amended the resolution by changing references to "request" to "urge" and by broadening the request to DLNR to include:

- (1) The preparation of a report on the progress and status of the department's planning, coordination, land acquisition, construction, development and implementation of the Na Ala Hele Project; and
- (2) Adoption of Phase I of the County of Hawaii's Comprehensive Plan for Public Access to the Shoreline as part of its public land inventory.

The resolution was further amended by urging DLNR and the Hawaii county to adopt and comply with the findings, conclusions and recommendations contained in the inventory; to complete Phase II of its Comprehensive Plan for Public Access to the Shoreline; and by making technical changes which have no substantive effect.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.R. No. 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. 1485 Housing, Hawaiian Programs and Natural Resources on H.C.R. No. 77

The purpose of this concurrent resolution is to authorize the Department of Land and Natural Resources to dispose of submerged public lands as required under Section 171-53, Hawaii Revised Statutes (HRS).

Under Section 171-53, HRS, covering the disposition of submerged or reclaimed public lands, the Board of Land and Natural Resources may lease, or grant easements over, submerged lands and lands beneath tidal waters which the Board deems are suitable for reclamation with both the prior approval of the Governor and the prior authorization of the Legislature by concurrent resolution.

The disposition involves the sale of a perpetual non-exclusive easement right for the clearing, leveling and construction of two pedestrian foot bridges covering approximately one acre of submerged land seaward of the certified shoreline at Anaehoomalu, South Kohala, Hawaii.

The easement is necessary in order to construct the bridges which will allow a continuous shoreline trail around Wailua Bay that will provide unrestricted public access to the north side of Wailua Bay. The bridge should not be a substitute for any ancient Hawaiian trails in the area. The sale of the easement will be made to ATPAC Land Company or its nominee.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of H.C.R. No. 77, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1486 Housing, Hawaiian Programs and Natural Resources on H.C.R. No. 180

The purpose of this concurrent resolution is to give prior authorization to the Department of Land and Natural Resources to dispose of water rights by lease at public auction.

The prior authorization is in anticipation to legislation which is expected to be enacted in the 1987 legislative session which will provide for the prior approval of the legislature for the leasing of water rights if the use will neither reduce the amount of available water for public use nor destroy nor pollute the water.

The specific purpose of the disposition is to divert, impound, transmit, and use water from the North and South Forks of the Wailua River on Kauai for the generation of hydro-electric power.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of H.C.R. No. 180, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1487 Agriculture, Energy and Ocean Resources on H.C.R. No. 104

The purpose of this concurrent resolution is to urge Hawaii's congressional delegation to support the development of a state-of-the-art facility for commercially viable aquaculture research at the Oceanic Institute.

Your Committee finds that the Oceanic Institute has a long history of providing mariculture research services and, more recently, training in aquaculture science. The Institute, with congressional support, can provide technical and managerial assistance for several of the businesses targeted for expansion in Hawaii, such as aquaculture, biotechnology, and technical instrumentation.

This state-of-the-art applied marine aquaculture research facility, termed the Center for Applied Aquaculture Research and Training, can be the foundation for a successful commercial

aquaculture industry in this State, and supports the State's goal to diversify our economic base.

Your Committee has amended this concurrent resolution by deleting any reference of monetary support from the State and by consolidating the last three BE IT FURTHER RESOLVED paragraphs.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 104, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 104, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Henderson.

SCRep. 1488 Agriculture, Energy and Ocean Resources on H.C.R. No. 6

The purpose of this concurrent resolution is to affirm Hawaii's commitment to attaining an effective, shared management role with the federal government in the more than 600,000 square miles of the Exclusive Economic Zone (EEZ) which surrounds the Hawaiian Islands.

Your Committee finds that every facet of life in our State is tied to the ocean. To a greater degree than any other state, our life and livelihood depend on it.

In order to maintain the unique lifestyle developed by all of Hawaii's people and to expand economic activities, the State must be able to continue to utilize all of its resources.

Your Committee further finds that Hawaii must be a full participant in decision-making related to EEZ activities that could have a major impact on the State, such as those involving long-term use of fixed ocean sites, direct linkages with the shore, and oceanside demands and risks.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 6, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senator Henderson.

SCRep. 1489 Agriculture, Energy and Ocean Resources on H.C.R. No. 222

The purpose of this concurrent resolution is to request the Director of the Department of Planning and Economic Development (DPED) to sponsor an international conference on major renewable energy systems in Hawaii during the summer of 1988.

Your Committee finds that the development of "high-tech" industries in Hawaii would stimulate economic diversification and be very beneficial to the State. Your Committee further finds that economic diversification has been an expressed goal of both the Legislature and the Administration.

Your Committee feels that in order to foster economic diversification through the development of high-tech industries it would be prudent to focus on technologies that have already been developed and ones which have shown great promise for development in Hawaii. Your Committee further finds that Hawaii is rich in alternative renewable energy resources which are becoming increasingly available for use under new or improved technologies.

Your Committee feels that the present status and potential of the many technologies being used in Hawaii to tap renewable energy systems make this State a world leader in this field and can serve as a magnet drawing additional high-tech industries to Hawaii.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 222 and recommends its adoption.

Signed by all members of the Committee except Senator Henderson.

SCRep. 1490 Agriculture, Energy and Ocean Resources on H.C.R. No. 92

The purpose of this concurrent resolution is to request Hawaii's congressional delegation to support the restoration of federal funding for the National Oceanic and Atmospheric Administration (NOAA) Underwater Research Program and the National Marine Fisheries Service.

Proposed cuts in the budget of the NOAA would have grievous and lasting impact on Hawaii, taking needed money from, and perhaps eliminating programs such as the Sea Grant College Program at the University of Hawaii, the Hawaii Undersea Research Laboratory, and the

Honolulu Laboratory of the National Marine Fisheries Service.

Your Committee finds that the ocean is a vital and promising resource for Hawaii's future economic development. Your Committee further finds that continued federal support is needed to improve and cultivate Hawaii's reputation as a leader in ocean research.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 92 and recommends its adoption.

Signed by all members of the Committee except Senator Henderson.

SCRep. 1491 Agriculture, Energy and Ocean Resources on H.C.R. No. 36

The purpose of this concurrent resolution is to request the Department of Planning and Economic Development (DPED) in cooperation with various government agencies to review the progress made to date in the area of alternate energy development and to establish a realistic schedule for the future development of alternate energy resources in Hawaii.

Your Committee finds that in spite of the current excess world supply of petroleum, energy experts believe that before long, the world will once again be confronted with a politically induced energy crisis. Inasmuch as Hawaii is almost totally dependent on petroleum as its primary source of energy, the State will be particularly vulnerable to such a crisis. In this regard, increased energy self-sufficiency has been a long standing priority of the State. Despite this priority however, progress in the development of alternate energy resources has not proceeded as rapidly as expected.

Your Committee finds that the State can play a major role in accelerating the pace of energy development in Hawaii and that continuous emphasis should be placed on the achievement of the State's goal of increased energy self-sufficiency. Your Committee further finds that a cooperative planning effort on the part of DPED and the agencies and institutions identified in this concurrent resolution will bring about the timely and orderly achievement of this goal.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 36, and recommends its adoption.

Signed by all members of the Committee except Senator Henderson.

SCRep. 1492 Agriculture, Energy and Ocean Resources on H.C.R. No. 133

The purpose of this concurrent resolution is to support proposed submarine tour operations, and to encourage the Departments of Planning and Economic Development, Transportation, and Land and Natural Resources to expedite the processing of permits and applications for ocean leases by submarine tour groups under the provisions of the Permit Facilitation Act of 1985.

Your Committee finds that submarine tours would serve to diversify and strengthen Hawaii's economic base in support of the State's major industry, tourism, and would be in line with the State General Plan. The proposed submarine tours would advance the efforts of the State to promote marine literacy, a necessity if Hawaii's people are to make informed decisions regarding wide use of one of our most precious resources, the ocean. In addition, an underwater vehicle would provide an ideal means for teaching coral ecology, volcanic geology, and ocean physics, as well as providing first-hand experience for the adventurous and not-so-adventurous.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 133, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Hagino, Holt and Henderson.

SCRep. 1493 Agriculture, Energy and Ocean Resources on H.C.R. No. 124

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to prepare an Action Plan for Hawaii's sugar industry which would define the actions required to maintain the contribution of the industry to the state's economic and social well being.

Your Committee finds that sugar, as the major agricultural enterprise in Hawaii is facing an uncertain future. Your Committee believes that the development of an Action Plan is necessary to insure the industry's economic viability and stability.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 124, H.D. 2, and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senator Henderson.

SCRep. 1494 Agriculture, Energy and Ocean Resources on H.C.R. No. 145

The purpose of this concurrent resolution is to urge support for the development of agricultural programs in the American Pacific, with special emphasis on the securing of new and additional resources to address agriculture and human resource development problems unique to the region and encourage the College of Tropical Agriculture and Human Resources to continue to coordinate any support from the State of Hawaii.

Your Committee finds that there is a general consensus among the directors of the land-grant institutions in the American Pacific that it would be more efficient to address problems on a regionally coordinated basis and a major infusion of resources is needed. Your Committee further finds that acceleration of agricultural research and extension programs is recognized as the highest priority by the directors and the College of Tropical Agriculture and Human Resources is ready to accept the responsibility to coordinate the development of a sound program and the effective use of resources.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 145, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Hagino, Holt and Henderson.

SCRep. 1495 Agriculture, Energy and Ocean Resources on H.C.R. No. 225

The purpose of this concurrent resolution is to request that Hawaii's congressional delegation support the restoration of funding for the regional aquaculture center program in the United States Department of Agriculture (USDA).

Under the aquaculture center program, Hawaii was designated as the site for the regional center for tropical and subtropical species which will serve aquaculture development in Hawaii and the American Islands of the Pacific.

The center, which would be administrative rather than a physical facility, would encourage cooperative and collaborative aquaculture research and extension education programs, complement and strengthen existing research and extension education programs, and utilize institutional mechanisms and linkages to implement programs. Currently, the Hawaii center is being organized according to USDA guidelines.

The USDA regional centers received a total start-up appropriation of three million dollars; however, no continuation of money is being requested by the Reagan Administration for the coming fiscal year.

Your Committee finds that the regional aquaculture center program will provide a great service to the private and public aquaculture sectors in Hawaii, and therefore urges Hawaii's congressional delegation to support the restoration of federal funds for this worthwhile program.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 225 and recommends its adoption.

Signed by all members of the Committee except Senators Hagino, Holt and Henderson.

SCRep. 1496 Agriculture, Energy and Ocean Resources on H.C.R. No. 148

The purpose of this concurrent resolution is to authorize the evaluation of the current program of inspection and grading of produce, feed, eggs, poultry and meat products, pesticide enforcement and plant quarantine projects to protect the health, safety and welfare of the people of this State.

This concurrent resolution directs the Department of Agriculture (DOA) and the Department of Health (DOH) to coordinate with the Los Angeles County Agricultural Commissioner's Office to enhance and improve Hawaii's system of monitoring and controlling pesticide use, fruit, vegetable and egg quality control, plant pathology and pest prevention.

Your Committee finds, however, that the title and last BE IT FURTHER RESOLVED paragraph in the concurrent resolution presently before your Committee does not reflect the designation of the DOH's participation in this evaluation. Further, the Chairperson of the DOA testified that the jurisdiction of the programs to protect the consumer from pesticide contamination found in the fifth paragraph on page 1 falls under the DOH, and requested that

the paragraph be amended to reflect this fact. Your Committee has therefore amended this concurrent resolution to address the above concerns.

Your Committee finds that the State of Hawaii's efforts to evaluate and improve its environmental and regulatory programs are an ongoing effort that requires immediate attention, consistent overview, and budgetary support from the Legislature if the programs are to achieve their goal and the challenges posed by pesticides and other contaminants.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 148, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 148, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senators Hagino, Holt and Henderson.

SCRep. 1497

Planning and Environment on H.C.R. No. 173

The purpose of this concurrent resolution is to in lieu of the existing Monitoring Plan requirements, dispersants listed by the EPA be evaluated based on existing information and if necessary tested under controlled conditions by the Department of Health in cooperation with the University of Hawaii, the Region IX Regional Response Team, and the petroleum industry so that more efficient operating procedures can be developed for oil spill cleanups.

Your Committee notes that several recent oil spills have brought light to the fact that the State of Hawaii is in need of a more effective program to deal with oil spills and the clean-up activities associated with these spills. Without the proper management, expertise and response procedures for dealing with accidental oil spills, future oil spills carry the potential to inflict serious damage to the environment as well as cause economic hardships to the people of the State.

Your Committee also notes that the State Department of Health has recently been designated as the State's lead environmental agency and representative on the Region IX-Oceania Regional Response Team. The concurrent resolution requires the State Department of Health to determine and make recommendations as to the amount of dispersants needed in Hawaii to respond to a major oil pollution mishap and the type of equipment systems for dispensing dispersants best suitable for Hawaii and develop a more effective emergency response program for oil spills. Your Committee believes that this measure will better prepare Hawaii for any type of oil pollution mishap that may occur in Hawaiian waters.

Your Committee on Planning and Environment concurs with the intent and purpose of H.C.R. No. 173, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1498

Planning and Environment on H.C.R. No. 221

The purpose of this concurrent resolution is to request the Natural Area Reserves (NARS) Commission, in cooperation with the Department of Land and Natural Resources and consultation with interested private organizations, to develop a comprehensive plan for the management and funding of the NARS.

Your Committee finds that Chapter 195, Hawaii Revised Statutes, HRS, enacted in 1970, established the State NARS to protect important natural areas within the vast inventory of State lands. This reserve system protects thousands of uniquely Hawaiian species, provides ideal sites for research and outdoor education and, in many cases, guards vital watershed lands.

Your Committee further finds that most of these natural reserve areas are now suffering from serious management problems which threaten to permanently destroy or degrade the resources protected therein. In response to such threats, the Legislature is considering legislation to refine and improve the reserves system by making clearer the role of the NARS Commission and by granting additional powers and imposing additional duties upon the Department of Land and Natural Resources.

Your Committee feels that an up-to-date comprehensive management plan is needed to ensure optimal protection of the reserves system and to incorporate any changes mandated by this years Legislature.

Your Committee on Planning and Environment concurs with the intent and and purpose of H.C.R. No. 221 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1499

Planning and Environment on H.C.R. No. 267

The purpose of this concurrent resolution is to request the Environmental Council to review the existing applicability categories of the State Environmental Impact Statement Law, Chapter 343, Hawaii Revised Statutes, (HRS), to determine the need for amendments to insure compliance with the State's environmental goals and objectives.

Your Committee finds that Article IX of the Constitution of the State of Hawaii guarantees Hawaii's citizens a clean and healthful environment in which to live and that Chapter 226, HRS, delineates the objectives and policies for the long-term protection and maintenance of Hawaii's fragile environment.

Chapter 343, HRS, was enacted to assure that environmental issues are considered in land use decision making. At the present time, formal environmental review, i.e., assessment, under Section 343-5, HRS, is limited to six categories of actions. Your Committee finds that there are proposed actions that do not fall within the six categories, but because of their specific nature and location are capable of producing significant environmental impacts. In some cases, the potential significance of these impacts has been recognized and specific legislation has been enacted to deal with these issues on a case-by-case basis. This approach is costly in terms of the time and effort required by the legislature and affected agencies in reviewing and assessing individual projects.

Your Committee finds that the requested review of the categories that trigger environmental assessment procedures and the subsequent comprehensive report should aid not only in assuring that appropriate environmental review is undertaken responsive to the State's environmental goals and objectives, but also in facilitating the management process and avoiding unnecessary legislative actions.

Your Committee on Planning and Environment concurs with the intent and purpose of H.C.R. No. 267 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1500

(Joint) Planning and Environment and Transportation on H.C.R. No. 236

The purpose of this concurrent resolution is to request the Department of Health, in cooperation with the Department of Transportation, to examine procedures for determining the environmental impact of oil spills on Hawaii's marine life and ecology.

Your Committees find that recent incidents involving the discharge or leakage of crude oil into the State's waters have brought to light the fact that the State is in need of better rules and laws governing the regulation and prevention of such releases. The likelihood of permanent damage to Hawaii's marine environment as a result of intentional or negligent water pollution is great enough to suggest the need for stringent rules, laws, and environmental impact determination procedures regarding the discharge of pollutants into or upon State waters.

Your Committees on Planning and Environment and Transportation concur with the intent and purpose of H.C.R. No. 236, H.D. 1, and recommend its adoption.

Signed by all members of the Committees except Senators Menor, Solomon and George.

SCRep. 1501

Transportation on S.R. No. 102

The purpose of this resolution is to request the State Department of Transportation to survey, designate, and mark a reasonable right-of-way from Kalaniana'ole Highway to the property known as "Saddle City" to allow for the construction of an improved road. This resolution also requests that the right-of-way surveyed satisfy City and County of Honolulu road or street standards, that a written estimate for the plans for construction be prepared, and that a report of the survey and written estimate be submitted to the Legislature.

At the present time, the residents of "Saddle City" lack an improved road for ingress and egress to their homes, which has resulted in their being denied adequate ambulance, fire, police, postal, and refuse collection services. However, your Committee finds that the actions requested by this resolution of the Department of Transportation (DOT) are not within the scope of the DOT's jurisdiction, as DOT funds can only be expended for work on the State Highway System and not on private roadways.

Your Committee further finds that the Department of Land and Natural Resources is not adverse to granting access easement to these landlocked property owners. However, the grantees of such an access easement would have to bear the cost of improving and maintaining

the roadway, which is of serious concern to your Committee. In order to utilize public funds, rather than property owners' funds, to improve and maintain this roadway, the roadway would have to be reclassified from private to public, and would most appropriately fall under the jurisdiction of the City and County of Honolulu.

As the land currently occupied by the roadway is owned by the State, the State would have to grant the City and County of Honolulu an easement to this particular strip of land before it could be developed into a county road. Your Committee has therefore amended this resolution to replace the requests for actions by the State Department of Transportation with a request of the Department of Land and Natural Resources to offer, by metes and bounds, a permanent easement to the City and County of Honolulu for the purpose of constructing a county roadway from Kalaniana'ole Highway to "Saddle City", Waimanalo, Oahu. The title of this measure has been amended accordingly.

Your Committee also amended the resolution by deleting the Director of Transportation as a recipient of a certified copy of the resolution and by requesting that the Chairperson of the Board of Land and Natural Resources to report on the status of the easement transaction to the Legislature.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 102, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 102, S.D. 1.

Signed by all members of the Committee except Senators Holt, Menor, Yamasaki and George.

SCRep. 1502 Housing, Hawaiian Programs and Natural Resources on H.C.R. No. 119

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources to conduct baseline data study of the river estuaries on the North of Kauai.

The environmental and scenic importance of rivers and estuaries is being increasingly recognized in America, as demonstrated by enactment of the Federal Wild and Scenic Rivers Act, Public Laws 88-29 and 90-542. Hawaii, however, has yet to indicate an inventory of its rivers pursuant to the federal act.

The island of Kauai has the greatest number of stream mouth estuaries in the State, many of which are outstanding fishery and recreational sites. Of Hawaii's many river estuaries, only a few remain in their natural state.

Of those rivers and streams on the North Shore of Kauai, the Lumahai River estuary system has been least disturbed by developments and the modern agricultural practices of men.

Your Committee finds that the establishment of baseline data of these estuary systems is necessary for informed estuary management and proper anticipation of biotic responses to ongoing and proposed activity.

developments and the modern agricultural practices of man. As such, it is in consonance with sound ecological enquiry to use this estuarine system in Lumahai as a standard with which to compare the other Kauai rivers. (sic)

Your Committee has received testimony from the DLNR that greater than \$100,000 would be needed to hire consultants to conduct a baseline survey of the Lumahai, Wainiha, and Hanalei River Estuaries. No such funds are available during this fiscal biennium. However, the DLNR recognizes the need for these surveys and has in-house resources which would enable them to conduct the studies one system at a time. The DLNR has also indicated that private developers must conduct their own baseline surveys in areas which are zoned conservation as part of their Environmental Impact Assessments.

Your Committee has incorporated the concerns of the DLNR into this report to ensure that the intent of the Committee is clear. The DLNR should first conduct a study of the Lumahai River, and use the data gathered in this study as a standard for the study of the other North Shore river systems. The subsequent studies should also include the rivers that empty into the Na Pali coastline.

Your Committee further recognizes that the DLNR cannot complete the studies of all the North Shore river systems, and submit a final report by 1988. Therefore, the Committee requests an interim report from the DLNR on their baseline survey of the Lumahai River and estuary no later than 30 (thirty) days before the start of the 1988 Legislative Session.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the

intent and purpose of H.C.R. No. 119, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Solomon, Holt, Yamasaki, Ikeda and A. Kobayashi.

SCRep. 1503 Education on H.C.R. No. 255

The purpose of this concurrent resolution is to request the Board of Education to: (1) conduct a study on the feasibility of establishing a library on the North Shore of Kauai; (2) review its budget priorities or seek additional funding as a means of commencing with the planning, design, and construction of a new library; and (3) consider the availability of 1.5 acres of dedicated land reported to be available for a public library.

The North Shore area of Kauai is the fastest growing area on Kauai with an 11 percent annual growth rate as compared to a four percent rate for the rest of the island. At present, the population's library needs are being met only through weekly visits by a bookmobile. The closest public library is the Kapaa library located 40 miles away. There is strong justification for the Board of Education to study whether the library needs the North Shore residents should be met by the establishment of a public library.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 255, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1504 Education on H.C.R. No. 68

The purpose of this concurrent resolution is to request the Department of Education to conduct a study on the establishment of a new high school; other school facilities, and a new school district office; including the possible locations for these new facilities; recommendations as to the best locations; cost estimates of land acquisition, design, and construction at each alternative location; and the impact of new development projects on future student enrollment in West Hawaii.

West Hawaii has been and is expected to continue to be one of the fastest growing areas in the State, and it would be prudent to conduct timely planning for new facilities to serve the burgeoning student population. Already, some facilities are overly burdened. For example, Konawaena High School is West Hawaii's only high school serving a student population of 1,464 in grades 7 to 12 although its capacity is only 1,300. The capacities of other facilities are also expected to be exceeded before too long. Identifying the educational facility requirements of West Hawaii and engaging in preliminary planning for new facilities are the steps necessary to assure equal educational opportunity for West Hawaii students.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 68, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1505 (Joint/Majority) Housing, Hawaiian Programs and Natural Resources, Transportation, and Tourism and Recreation on H.C.R. No. 152

The purpose of this concurrent resolution is to provide prior authorization for the reclamation, development, and lease of fast and submerged lands, as required under sections 171-53 and 171-60, Hawaii Revised Statutes, in Keehi Lagoon for temporary marina and yacht berthing facilities if Hawaii is chosen as the America's Cup race site by October 1, 1987. The fast and submerged lands which are the subject of this concurrent resolution run along the west bank of Sand Island and are described as Area 3.

Your Committees have held a public hearing on the Senate companion to this concurrent resolution.

This concurrent resolution has been proposed by the state administration because the reclamation and development of the subject submerged lands are necessary if Hawaii is to be the host site for the forthcoming America's Cup yacht race. Persuasive presentations have been made before your Committees and in the media on the benefits which will accrue to the State if the America's Cup race is held in Hawaii. Proponents for hosting the race in Hawaii, however, have maintained that existing facilities are inadequate, decreasing significantly the chances for selection as the race site. The state administration and representatives of the private sector favor the proposal for the development of the necessary facilities at Keehi Lagoon.

Your Committees agree with proponents of this concurrent resolution. Through this measure, your Committees convey to the decision makers in San Diego its commitment to the establishment of high quality facilities for the America's Cup and the seriousness of the State's bid.

This concurrent resolution, as amended, is a logical and acceptable solution to the dilemma posed by the Legislature's desire to attract the America's Cup race while preventing the permanent intensive and inappropriate development of Area 3.

Your Committees emphasize that the subject fast and submerged lands may be reclaimed and developed:

- (1) Only if Hawaii is chosen as the site for the America's Cup yacht race by October 1, 1987. If Hawaii is not chosen by that date, the authorization under this concurrent resolution is withdrawn and not valid.
- (2) Only for temporary marina and yacht berthing facilities necessary for America's Cup contestants. After the race, the land and facilities shall revert to the State without compensation to the lessee. Any temporary facilities are to be installed and removed at no cost to the State.

Your Committees on Housing, Hawaiian Programs and Natural Resources, Transportation, and Tourism and Recreation concur with the intent and purpose of H.C.R. No. 152, H.D. 1, and recommend its adoption.

Signed by all members of the Committees.
Senator Nakasato did not concur.

SCRep. 1506 (Joint) Housing, Hawaiian Programs and Natural Resources, Transportation, and Tourism and Recreation on H.C.R. No. 151

The purpose of this concurrent resolution is to provide prior authorization for the reclamation, development, and lease of fast and submerged lands, as required under sections 171-53 and 171-60, Hawaii Revised Statutes, in Keehi Lagoon for marina and yacht berthing facilities. This concurrent resolution authorizes the fill and development of not more than fifty acres of fast and submerged lands within a triangular section of the Lagoon, known as Area 2, only if Hawaii is chosen as the America's Cup race site by October 1, 1987.

Your Committees have held a public hearing on the Senate companion to this concurrent resolution.

This concurrent resolution has been proposed by the state administration because the reclamation and development of the subject submerged lands are necessary if Hawaii is to be the host site for the forthcoming America's Cup yacht race. Persuasive presentations have been made before your Committees and in the media on the benefits which will accrue to the State if the America's Cup race is held in Hawaii. Proponents for hosting the race in Hawaii, however, have maintained that existing facilities are inadequate, decreasing significantly the chances for selection as the race site. The state administration and representatives of the private sector favor the proposal for the development of the necessary facilities at Keehi Lagoon.

Your Committees agree with proponents of this concurrent resolution. Through this measure, your Committees convey to the decision makers in San Diego its commitment to the establishment of high quality facilities for the America's Cup and the seriousness of the State's bid.

This concurrent resolution is a logical and acceptable solution to the dilemma posed by the Legislature's desire to attract the America's Cup race while preventing the intensive and inappropriate development of Keehi Lagoon. Your Committees feel that the commitment made under this concurrent resolution will strengthen the State's bid to host the race. Furthermore, if Hawaii is selected as the host site, the development authorized is consistent in orientation to the existing and planned uses of Keehi Lagoon. If Hawaii is not selected as the host site, this concurrent resolution prevents development of Keehi Lagoon, at least until the Legislature can more knowledgeably, carefully, and leisurely scrutinize and contemplate another proposal to develop Keehi Lagoon.

Your Committees on Housing, Hawaiian Programs and Natural Resources, Transportation, and Tourism and Recreation concur with the intent and purpose of H.C.R. No. 151, H.D. 1, and recommend its adoption.

Signed by all members of the Committees.

SCRep. 1507 (Joint) Housing, Hawaiian Programs and Natural Resources, Transportation, and Tourism and Recreation on H.C.R. No. 139

The purpose of this concurrent resolution is to provide prior authorization for the reclamation, development, and lease of fast and submerged lands, as required under sections 171-53 and 171-60, Hawaii Revised Statutes, in Keehi Lagoon for certain enumerated purposes. The enumerated purposes include maritime and airport related activities and commercial, industrial, and recreational purposes. The fast and submerged lands which are the subject of this concurrent resolution are along Lagoon Drive and eight acres along the east side of Keehi Lagoon. They have been described as Area 1 and Area 4, respectively.

Your Committees have held a public hearing on the senate companion to this concurrent resolution.

This concurrent resolution has been proposed by the state administration because the reclamation and development of the subject submerged lands are necessary if Hawaii is to be the host site for the forthcoming America's Cup yacht race.

Persuasive presentations have been made before your Committees and in the media on the benefits which will accrue to the State if the America's Cup race is held in Hawaii. Proponents for hosting the race in Hawaii, however, have maintained that existing facilities are inadequate, decreasing significantly the chances for selection as the race site. The state administration and representatives of the private sector favor the proposal for the development of the necessary facilities at Keehi Lagoon.

Your Committees agree with proponents of this concurrent resolution. Through this measure, your Committees convey to the decision makers in San Diego its commitment to the establishment of high quality facilities for the America's Cup and the seriousness of the State's bid.

A secondary reason for the proposed reclamation and development of the subject fast and submerged lands is to provide additional space for maritime and airport related activities and commercial, industrial, and other recreational uses. Your Committees feel that the State will benefit overall if more lands are provided for these types of activities and uses. Your Committees feel that the reclamation and development of the fast and submerged lands along Lagoon Drive, known as Area 1, and eight acres on the east side of Keehi Lagoon, known as Area 4, are compatible in general to existing uses of the area and will not substantially adversely impact recreational activities.

Your Committees on Housing, Hawaiian Programs and Natural Resources, Transportation, and Tourism and Recreation concur with the intent and purpose of H.C.R. No. 139, H.D. 1, and recommend its adoption.

Signed by all members of the Committees.

SCRep. 1508 Education on H.C.R. No. 53

The purpose of this concurrent resolution is to request the Legislative Reference Bureau, in consultation with the Department of Education, the Department of Transportation and other affected government agencies, to conduct a study of the requirements and feasibility of establishing a school bus program for students attending public schools in the Windward, Central and Honolulu school districts.

While the Department of Education has a school transportation program, increasingly heavy traffic congestion and other conditions indicate that the program should be examined and changed, if warranted, so that it serve a larger number of students.

The scope of the proposed study will include: (1) patterns of transportation of public school students in the districts involved; (2) efficacy of the Department of Education's one-mile standard in providing student transportation; (3) analysis of how a more comprehensive school bus program would complement other proposals to reduce traffic congestion; and (4) the financial requirements of a more comprehensive school bus program.

Your Committee, upon consideration, has amended the concurrent resolution by including the Leeward school district in the School Bus Program, and by changing the amount of public schools, students and percentage of the total number of schools under the DOE to reflect the inclusion. House Draft 1, through misinterpretation of testimony from the Department of Education, deleted all references to the Leeward school district.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 53, H.D. 1, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as H.C.R. No. 53, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 1509 Education on H.C.R. No. 128

The purpose of this concurrent resolution is to urge the Department of Education (DOE) to consider the construction of a permanent 16 classroom building at Kaimiloa Elementary School, as specified in the school Master Plan, to meet its current and future student population demands.

The Kaimiloa Elementary School was established in 1972 to serve the children of the surrounding Ewa Beach community. The Master Plan for the school includes two 16 classroom buildings, a library, cafeteria, administration building and a 9-unit mixed use classroom building for regular and special education students. The development plan was divided into five increments of construction with completion scheduled on September 1, 1979.

To date, only the first and part of the second increment have been completed and as a result, the school currently has only one permanent 16 classroom building and a permanent cafeteria, while the rest of the school is housed in portable classrooms.

Your Committee finds that because children are one of Hawaii's greatest assets, the State has the responsibility to provide them with the finest public school system including classrooms and facilities which are integral components of a positive learning environment.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 128, H.D.1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1510 Health on H.C.R. No. 150

The purpose of this concurrent resolution is to request the Department of Health to implement recommendations of the Legislative Auditor and the Office of Environmental Quality Control (OEQC) in order to improve the Department's food and drug program.

Your Committee notes that a similar Senate concurrent resolution was heard and approved by this Committee on April 20, 1987.

Your Committee finds that many of the Legislative Auditor's and the OEQC's recommendations are already being implemented. Among the proposals being considered is the reorganization of the Environmental Protection and Health Services Division in order to strengthen management and improve the effectiveness of the Department's environmental programs. The Department is also taking steps to expand its laboratory capability and has assured your Committee that it will work with the Department of Agriculture.

Your Committee takes note of the fact that some of the tasks requested by this concurrent resolution would require additional funding and personnel which are not in the current budget. However, your Committee is satisfied that much of the work requested can be accomplished without additional resources this year, and that which cannot be done will be pursued through the 1988-1989 supplemental budget.

Your Committee on Health concurs with the intent and purpose of H.C.R. No. 150 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1511 Housing, Hawaiian Programs and Natural Resources on S.C.R. No. 132

The purpose of this concurrent resolution is to request the congress of the United States to establish a joint Federal-State Task Force on Federally-controlled lands in Hawaii.

Your Committee finds that there is a critical shortage of available appropriate public lands in the State of Hawaii to provide for needed residential housing, agricultural expansion, recreation, and other community purposes throughout the islands.

The establishment of a joint Federal-State Task Force would allow for State Governmental and citizen participation in federal reviews which assess and affect the future need and

disposition of these lands. Your Committee finds that direct public input regarding the use and disposition of these lands would be mutually beneficial to the Federal and State Government and, subsequently, the general public.

Your Committee further finds that it is in the best interest of the people of Hawaii that all Government properties, whether Federal, State, or County land, should be used to benefit the citizens of Hawaii.

The establishment of such a Task Force would generate a much needed review of and recommendations for the disposal or exchange of those lands now considered surplus to the purposes of the United States.

This concurrent resolution will enable the Joint Federal-State Task Force to do a general review of the current Federally-controlled lands in hopes of mitigating the impending scarcity of lands available for public use in Hawaii.

Your Committee on Housing, Hawaiian Programs, and Natural Resources concurs with the intent and purpose of S.C.R. No. 132 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1512 (Majority) Culture, Arts and Historic Preservation on H.C.R. No. 100

The purpose of this concurrent resolution is to reaffirm the intent of the Legislature in preserving the Diamond Head State Monument.

Your Committee finds that there exists much concern for the preservation of the Diamond Head State Monument. Advocates desire the prohibition of any man-made structure to the visible outer slopes of Diamond Head to keep it in its natural state.

Your Committee is in agreement with the intent of the concurrent resolution to preserve the outer slopes of Diamond Head. Your Committee, however, believes that the interior of the crater should be beautified and utilized for active recreational purposes. The Diamond Head State Monument, without any encroachment to the exterior, would be enhanced visually and enjoyed by the people of the State, if a golf course were to be developed within the crater.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of H.C.R. No. 100, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.
Senator Reed did not concur.

SCRep. 1513 Legislative Management on S.R. No. 89

The purpose of this resolution is to request the Legislative Reference Bureau to conduct a study on the Department of Education's procedures in identifying special education students and students with speech and language problems, the criteria used by diagnostic teams in determining the certification of special education students and students with speech and language problems, and the difficulties encountered in attracting and maintaining qualified special services evaluation personnel.

Hawaii ranks 51st of all states plus the District of Columbia in the percentage of students identified as handicapped, indicating deficiencies in the identification procedures or certification criteria. Streamlining the evaluation process will ensure maximum benefits to students and reduce long-term service costs by early identification of children with handicaps.

Your Committee on Legislative Management is in accord with the intent and purpose of S.R. No. 89, S.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1514 Legislative Management on H.C.R. No. 116

The purpose of this concurrent resolution is to request the legislative leadership to appoint a joint interim committee to review the current state executive budget system, Program, Planning, and Budget System (PPBS) to evaluate and determine if changes in the system are necessary or appropriate to aid the Legislature in meeting its decision making responsibilities.

It is proposed that the joint interim committee review and evaluate the effectiveness of the Executive Budget System, including but not limited to aspects as the program structure,

effectiveness measures, personnel position, cost details, and the sufficiency of program narratives to highlight program directions and changes.

Your Committee on Legislative Management concurs with the intent and purpose of H.C.R. No. 116, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 1515

Legislative Management on S.R. No. 168

The purpose of this resolution is to request the Legislative Reference Bureau (LRB) to review the Department of Health's Administrative Rules on Solid Waste Management to determine if such rules are adequate or should be amended to alleviate problems expressed by those living near landfills.

Persons have expressed numerous complaints that landfills near or adjacent to their properties are unsightly and cause rubbish to be blown into their yards. They also complain of problems with underground fires, dust, rodents, lice, mites, and flies caused by the proximity of the landfills. In addition, there is some reason to believe that the chemicals used at landfills may contribute to various health problems such as aggravated respiratory illness, eye irritation, headaches, chest pain, and insomnia.

Your Committee finds that the urgency and sincerity of the complaints indicate that landfills may, in some instances, pose potential risks to the health and well-being of the persons living near them, and that a review of the administrative rules on solid waste management control is warranted.

Your Committee on Legislative Management concurs with the intent and purpose of S.R. No. 168, S.D. 1, and recommends its adoption.

Signed by all members of the Committee.