

SPECIAL COMMITTEE REPORTS

Spec. Com. Rep. No. 1

Your Committee on Credentials begs leave to report that it has examined the Letters of Appointment of the Honorable Eloise Y. Tungpalan and the Honorable Robert N. Herkes and finds that they are qualified to fill the respective vacancies in the Senate created by the resignations of Senators Joseph Kuroda and Richard Henderson for the Fourteenth Legislature of the State of Hawaii, Regular Session of 1988.

Signed by Senators Young, Hee and A. Kobayashi.

CONFERENCE COMMITTEE REPORTS

Conf. Com. Rep. No. 125 on H.B. No. 321

On January 21, 1988, this bill was recommended by the Governor for immediate passage in accordance with Article VII, section 9, of the Constitution of the State of Hawaii. Accordingly, this bill has been amended to reflect this recommendation.

The purpose of this bill is to appropriate or authorize, as the case may be, funds for the payment of collective bargaining cost items in the agreement reached with the exclusive representative of collective bargaining unit 5 for the 1987-89 fiscal biennium.

Negotiations were not completed in time for a submittal to be made to the 1987 Legislative Session. The agreement was ratified by bargaining unit 5 on September 16, 1987. The intent of this bill is to provide the necessary authorizations and appropriations to allow for the implementation of pay raises on September 1, 1987, February 1, 1988, September 1, 1988, and February 1, 1989; and for increases in other cost items effective July 1, 1987.

Your Committee has amended this bill by including the appropriation amounts necessary for collective bargaining cost items.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 321, 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. 321, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 126 on H.B. No. 2268

The purpose of this bill is to provide assistance and guidance to health care providers and others in the community in implementing the provisions of the informed consent statute, Section 325-16, Hawaii Revised Statutes, regarding testing and disclosure provisions relating to the Human Immunodeficiency Virus (HIV). This section of the law delineates six conditions under which informed consent is not required. This bill deals specifically with paragraph (5) entitled "Patient diagnosis and treatment" and paragraph (6) entitled "Health and safety of health care providers."

The original intent of this bill was to direct and authorize the Department of Health to establish rules to implement the statutory provisions relating to informed consent for testing for the presence of the HIV virus.

Your Committee on Conference finds that, due to unclear language in the statute, there has been widespread uncertainty in the community about conditions under which informed consent can be suspended for HIV testing. Representatives from both the legal and the health care professions have requested clarification of the language of the statute.

Your Committee on Conference has therefore chosen to take a two-pronged approach to clarifying the statute: we have made changes to the language of the statute itself and we have restored the rule-making authorization to the Department of Health. Your Committee has accepted the Senate's amendments in Paragraph (5) which clarify the relationship of the HIV test and diagnosis of the patient. We believe this new language represents a substantial improvement over the language in the statute since it explains the circumstances wherein a patient who is "unable to give consent" can nevertheless be tested in order to help the health care provider to make a diagnosis or to determine an appropriate course of treatment. This paragraph also provides for the patient to be informed "in a timely manner" that a test has been performed and that the patient shall be given the opportunity to obtain test results and appropriate counselling.

Your Committee has redrafted paragraph (6) of the bill regarding protection of health care workers and we have restored the subsection granting rule-making authority to the Department of Health. Your Committee believes that mandating this rule-making is clearly necessary since the Department's expertise is vital in formulating an approach to such a complex issue. Rules are required for a number of sections of the law, and especially to define terms such as "in a timely manner", which concern notification of individuals that they have been tested.

Specifically, your Committee on Conference has amended the bill in the following ways:

(1) We have drafted a new paragraph (6) entitled "Protection of health care workers." This new language requires that a test be ordered by a physician if the physician has determined that the patient is incapable of giving consent prior to treatment, and when there is reason to believe that the safety of health care providers may be affected.

The new paragraph (6) also requires that the availability and quality of service shall not be compromised because of the test results, that costs of such tests be borne by the health care provider, that the patient be informed in a timely manner that a test has been performed, and that the patient be provided the opportunity to obtain test results and appropriate counselling.

(2) Subsections (a), (c), (d) and (e) of the statute have been restored to the bill as they appeared in the original House version in conformance with correct drafting procedures.

(3) A new subsection (f), which appeared in the original bill, has been restored. It states: "The department shall adopt rules, pursuant to chapter 91, to establish procedures and standards to implement this section."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2268, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2268, S.D. 1, C.D. 1.

Senators B. Kobayashi, Matsuura 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. 127 on H.B. No. 3464

The purpose of this bill is to remove the mandate that the Department of Health provide training leading to certification of adult residential care home (ARCH) operators at state expense after December 31, 1988.

Your Committee on Conference finds that the mandate for state funding for training was intended as a special effort to assist approximately 250 former boarding home operators to upgrade their skills in order to qualify as ARCH operators when boarding homes and care homes were combined in Act 272, Session Laws of Hawaii 1986. We further find that the vast majority of these operators will have completed the training course by June 30 of this year. Your Committee believes, nonetheless, that to ensure the continued availability of such valuable community servants, it is prudent to maintain state funding through the end of this year for all operators currently involved in the Department of Health training program. We have thus retained the Senate amendment which requires the continuation of this funding up to December 31, 1988.

Your Committee has amended this bill in the following way:

In Section 2 (b) we have substituted the language of the House draft for that of the Senate in the interests of clarity. The Senate version also omitted the required Ramsayer underlining and brackets. The meaning of the paragraph, which explains the two categories of adult residential care homes, and offers several definitions, is not affected by this substitution.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3464, 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. 3464, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 128 on H.B. No. 3305

The purpose of this bill is to require all dental service organizations offering prepaid dental insurance to register with the Department of Commerce and Consumer Affairs. This will enable DCCA to identify and monitor providers of prepaid dental insurance.

Your Committee, upon further consideration, has made an amendment to H.B. No. 3305, H.D. 1, S.D. 1, to clarify that copies of all materials, given by a dental service organization to subscribers, must also be given to DCCA.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3305, 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. 3305, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 129 on H.B. No. 2348

The purpose of this bill is to allow an applicant for licensure to the Board of Psychology an alternate method to satisfy the requirements for licensing. The bill provides that notwithstanding the requirements of Section 465-7(2), H.R.S., an applicant will satisfy the conditions of that section if the applicant obtained a doctoral degree from a program which the applicant began prior to 1985 and the applicants application was filed with the Board by December 31, 1987 and the degree was conferred by a training program approved by the state of California.

Your Committee, upon further consideration, has made an amendment to this bill to broaden the state approval provision to include all states and not just California. Your Committee wishes to make it clear that the program must be approved by the state in which the program is conducted and that the program must have been approved at the time the degree was awarded.

Your Committee has also made a technical non-substantive amendment 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. 2348, 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. 2348, H.D. 1, S.D. 1, C.D. 1.

Senators Cobb, Blair, Tungpalan and A. Kobayashi
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. 130 on H.B. No. 3286

The purpose of this bill is to clarify and strengthen several of the provisions relating to the licensing of psychologists.

Specifically, the bill does the following:

- (1) Clarifies the definition of psychologist under the licensing provisions;
- (2) Clarifies the exemption from licensure for persons who provide services under the direction of a licensed psychologist, and allows such persons to use the title "psychological assistant." Clarifies the exemption granted to persons employed by government agencies in school psychologist or psychological examiner positions, or positions that do not involve diagnostic or treatment services;
- (3) Includes in the category of industrial or organizational psychologist persons who provide psychological services or consultation to organizations but are not involved in direct delivery or supervision of direct psychological services;
- (4) Allows psychologists to provide expert testimony;
- (5) Requires clinical civil service psychologists who provide diagnostic or treatment services to be licensed, and allows such persons employed in their positions prior to January 1, 1988 to be eligible for licensure provided they meet licensing requirements, hold or have held the non-emergency position for two years, and obtain licensure before June 30, 1990;
- (6) Provides that psychologists employed in civil service clinical positions after January 1, 1988 shall be licensed provided they meet licensing requirements and obtain licensure within two years from the date of their employment; and
- (7) Requires that civil service clinical psychologists cease and desist the practice of psychology until a license is obtained after the grace periods provided in paragraphs (5) and (6) above have elapsed.

Your Committee, upon further consideration, has made an amendment to this bill removing the eligibility requirement of Section 465-7 (2), for clinical psychologists employed prior to January 1, 1988 by a government agency, for licensure. Your Committee removed this provision because leaving the provision in the bill would in essence disqualify clinical civil service psychologists who are presently grandfathered in under Section 465-3. Your Committee intends to require these clinical civil service psychologists to become licensed but recognizes that they may not be able to meet the educational requirement in Section 465-7 (2).

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3286, 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. 3286, 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, Bellinger, Hiraki, Shito and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 131 on H.B. No. 2036

The purpose of this bill is to establish regulation of the motor vehicle rental industry in Hawaii.

Specifically, the bill provides that:

- (1) Lessors of rental motor vehicles shall inform the public about collision damage waiver options;
- (2) The daily charge for collision damage waivers is an additional daily charge;
- (3) Lessors must advise customers to determine whether their personal automobile insurance is sufficient to cover collision damage liability and to check the amount of their deductible under such insurance;
- (4) Lessors may not deliver or issue rental agreements containing collision damage waivers unless a specimen is furnished to the Director of Commerce and Consumer Affairs;

- (5) Rate disclosures made in advertising and oral or written commercials must also include information on collision damage waivers and daily charges therefore;
- (6) Lessors must provide information regarding Hawaii's seat belt and child passenger restraint laws and the penalties for driving while under the influence of intoxicating liquor;
- (7) Deposits or advance charges for damages to a vehicle while it is in the lessee's possession are prohibited;
- (8) Payments for damages shall be made only after the cost of the damage is agreed to by the lessor and the lessee or determined by law;
- (9) Refueling charges are restricted; and
- (10) Trade practices in the motor vehicle rental industry are prohibited if such would be an unfair trade practice pursuant to Chapter 480, Hawaii Revised Statutes.

Your Committee is aware that at least one national organization is working on standards for advertising for the motor vehicle rental industry which the organization would suggest for adoption by the various states, in effect creating a national standard. If and when those standards are developed, your Committee believes that the legislature should examine those standards carefully for possible consideration in this state.

Your Committee has made an amendment to this bill in Section -14 (f) by changing the word "may" to "shall" with reference to the fuel price. Your Committee has also amended this bill by adding a severability clause.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2036, H.D. 1, S.D. 1, as amended herein, and recommend that it pass Final Reading in the form attached hereto as H.B. No. 2036, 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, Metcalf and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 132 on H.B. No. 2037

The purpose of this bill is to expand and clarify the rights of consumers in resolving new motor vehicle warranty disputes with manufacturers. The bill will provide Hawaii with a "second-generation" lemon law.

Your Committee, upon further consideration, has made amendments to this bill as follows:

1. In Section 490:2-313.1 (b) your Committee has clarified that the refund shall include incidental expenses.
2. Your Committee has restored the language of the present statute which allows the vehicle to be out of service for fewer than 30 business days before it is presumed that a reasonable number of attempts have been made to repair the vehicle. Your Committee understands that the Department of Commerce and Consumer Affairs will be investigating the appropriateness of the 30-day period and making recommendations to the legislature next session.
3. Your Committee has provided that arbitration awards shall include taxes.
4. Your Committee has provided that the required notice be given directly to the consumer rather than being placed in the glove compartment.
5. Your Committee has eliminated reference to the American Arbitration Association to clarify that the legislature does not intend to imply that any particular program should be given preference.
6. Your Committee has provided that "all parties" must participate in the arbitration if the consumer agrees to participate, rather than just the manufacturer.
7. Your Committee has provided that the award of attorney's fees by the arbitrator is discretionary with the arbitrator.
8. Your Committee has provided the right to appeal (trial de novo) to all parties rather than just the consumer.
9. Your Committee has provided that the arbitration award shall not be admissible at a trial de novo.
10. Your Committee has provided that costs and attorney's fees shall be paid by the party demanding the trial de novo if the party making the demand does not improve its position by at least 25%.
11. Your Committee has provided that the initial fee to be collected by the Department of Commerce and Consumer Affairs for an arbitration shall be \$50 from the consumer and \$200 from the manufacturer. The consumer's fee will be returned if the consumer wins.
12. Your Committee has finally provided that the dealer shall notify the manufacturer of the problem with the vehicle upon second notice of the problem to the dealer or if the vehicle is out of service for in excess of 20 business days.

13. This bill was also amended to correct typographical and technical errors.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2037, 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. 2037, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 133 on H.B. No. 1222

Your Committee on Conference on the disagreeing vote of the House of Representatives to the amendments proposed by the Senate in H.B. No. 1222, S.D. 1, entitled: "A BILL FOR AN ACT RELATING TO INTOXICATING LIQUOR", having met, and after full and free discussion, has agreed to recommend and does recommend to the respective Houses the final passage of this bill in an amended form.

The purpose of this bill, in the form amended by the Senate is to allow 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.

Your Committee, upon further consideration, has made an amendment to H.B. No. 1222, S.D. 1 to delete the military exemption provision and to repeal part VIII of Chapter 281, Hawaii Revised Statutes, which requires an "affirmation" from each liquor supplier in Hawaii that the supplier will not sell or offer to sell liquor in any state or the District of Columbia at a price lower than in Hawaii.

Your Committee notes that affirmation laws were enacted by many states to ensure that liquor suppliers do not discriminate in price between wholesalers in different states. However, these affirmation laws have proved difficult to enforce and are thought by some to be unconstitutional as a violation of the commerce clause of the U.S. Constitution.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1222, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 1222, S.D. 1, C.D. 1.

Senators Blair, George and Young
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. 134 on H.B. No. 2280

The purpose of this bill is to extend the repeal date of the Board of Acupuncture to December 31, 1993. The bill also requires the Board of Acupuncture to develop academic standards for the practice of acupuncture which will be reviewed by the Legislative Auditor. Failure to adopt these standards by July 1, 1991 would result in an automatic repeal of the Board.

Your Committee, upon further consideration, has amended this bill to provide for extension of the repeal date to December 31, 1992. Additionally your Committee has deleted the automatic repeal provision and modified the language of the bill to make it clear that the standards to be developed are for the use of academic designations in the practice of acupuncture. Your Committee is well aware that various practitioners have been using a doctoral or other academic designation in their practice. The Board of Acupuncture is urged to communicate with all present licensees and potential licensees to make sure that all are aware that standards are being developed which may affect their use of academic designations in their practice.

Your Committee has also amended this bill to clarify that the Legislative Auditor is required to report to the Legislature with its findings pertaining to the standards developed by the Board of Acupuncture.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2280, 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. 2280, 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, Shito, Yoshimura and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 135 on H.B. No. 2627

The purpose of this bill is to appropriate \$200,000 to fund the statewide collection and disposal of hazardous wastes produced by farmers and householders in Hawaii.

The objective of this bill is to protect the health of Hawaii's citizens by removing from their environment hazardous wastes produced by farmers and householders and by disposing of these wastes legally and safely.

Your Committee finds that nationwide, collection programs for household hazardous waste have grown rapidly in popularity leading to education of the public and increasing the awareness of hazardous materials in the home environment. Removal of these wastes from long term, improper storage reduces the potential for injury or accident. Disposal at permitted hazardous waste facilities reduces the potential impact on the environment.

H.B. No. 2627, S.D. 2 would limit the collection and disposal of pesticides used by farmers to those that have been banned by law for agricultural purposes. Your Committee feels that this limitation is appropriate since it will encourage the dispersion of pesticides in the most environmentally sound manner, i.e., through proper application.

Your Committee finds that this program should be led by the department of health since the department has staff with the technical expertise to handle the collection of the various hazardous wastes which will be collected. Your Committee has thus amended this bill by designating the department of health as the expending agency of these funds. If the department sees fit it may seek assistance from agencies such as the governors agriculture coordinating committee or the office of environmental quality control in implementing these programs.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2627, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2627, S.D. 2, C.D. 1.

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

Representatives Andrews, Honda, Fukunaga, Say and Pfeil
Managers on the part of the House

Conf. Com. Rep. No. 136 on S.B. No. 2448

The purpose of this bill is to provide property owners the authority to remove vehicles which have been left unattended after leaving a notice to the owner for a period of seventy-two hours.

This bill requires that the notice be conspicuously displayed on the unattended vehicle and provide the owner the following information:

- 1) That the vehicle will be towed when the seventy-two hour period expires; and
- 2) The location where the towed vehicle will be held.

Under current law, private property owners are not authorized to remove unauthorized vehicles parked on their property unless there is a notice posted on the property which specifically prohibits parking of vehicles on the property without authorization. This bill provides the property owner the authority to have any unauthorized vehicles parked on the property to be towed away upon notice to the owner, to be conspicuously displayed on the vehicle, that the vehicle will be towed after expiration of the seventy-two hour period.

Your Committee, upon consideration, has amended the bill to require the notice to be for a forty-eight hour period rather than a seventy-two hour period.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2448, 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. 2448, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Oshiro, Metcalf, Bellinger, Yoshimura and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 137 on H.B. No. 2067

The purpose of the bill is to add a new section to Chapter 188, Hawaii Revised Statutes (HRS) to prohibit the taking of live stony coral of the taxonomic order, Madreporaria, including the Fungidae or Pocilloporidae families and any other live stony corals, for any reason, except with a permit authorized under sections 187A-6 or 183-41, HRS, for scientific, educational, or propagation purposes or for forest and water reserve provisions. The bill also increases the fine for each specimen of aquatic life taken illegally from \$25 to \$100.

Your Committee finds that the enforcement officers of the Department of Land and Natural Resources prefer to have the specific taxonomic order and scientific families included in the bill as it will be easier to enforce.

Your Committee, therefore, has amended the bill by amending the title of the proposed new section to be more descriptive of the contents of the section and by including the taxonomic order and scientific families of the live stony coral.

In addition, your Committee has further amended the bill by making nonsubstantive changes to eliminate redundant language.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2067, 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. 2067, H.D. 2, S.D. 1, C.D. 1.

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

Representatives Bunda, Metcalf, Andrews, Hiraki and O'Kieffe
Managers on the part of the House

Conf. Com. Rep. No. 138 on H.B. No. 3190

The purpose of this bill is to repeal the law providing for preparation of a community impact plan by the Department of Health for small group facilities involving adult residential homes or intermediate care facilities, and to create a new chapter to establish a Dispersal Review Council to ensure that group living facilities for the developmentally disabled, the elderly, the handicapped, the mentally ill, and the totally disabled are dispersed throughout the State. The bill appropriates \$72,544 for its implementation.

The Dispersal Review Council shall do the following:

- (1) Maintain an updated registry of group living facilities;
- (2) Establish criteria to determine geographic areas for group living facilities dispersal, including the saturation rating of the area, and criteria to determine when an area is oversaturated;
- (3) Establish memoranda of agreement with licensing agencies to utilize the saturation rating system;
- (4) Review applications for licensure of new group living facilities;
- (5) Explore means to resolve conflicts between group living facilities and the community; and
- (6) Explore incentives for new and existing group living facilities to locate or relocate outside saturated areas.

Your Committee on Conference finds that a Dispersal Review Council can serve to address the problem of uneven dispersal of group living facilities throughout Hawaii, particularly in certain communities on Oahu. The State Health Planning and Development Agency is authorized herein to provide staff services to the newly created Council, but it will remain administratively separate.

Your Committee has amended the bill in the following ways:

- (1) We have created a new paragraph (7) under Section -4, "Powers, duties, and functions of the council", which sets out additional criteria to determine "the density within a geographic area with regards to the proximity of group living facilities to each other". Subsequent paragraphs were renumbered.
- (2) In Section -5 of the bill, "Use of rating system", we have deleted (a) and (b) and substituted new language setting forth conditions under which a group living facility shall be granted licensure.
- (3) In Section -7 of the bill, "Rules", we have drafted a new paragraph (4) specifying additional criteria which shall be used in rule-making. Subsequent paragraphs were renumbered.
- (4) The content of Section -9, "Interim Control", which referred to certain census tracts for which no new permits were to be issued, has been deleted. A new Section -9 has been drafted which deals with "Unlicensed Facilities" and how they may obtain licensure.
- (5) Section 3 of the bill, which dealt with the members of the council and their initial organization has been deleted. In its place is a new section directing that the first priority of the Council in developing saturation ratings shall be the Kalihi-Palama area and Waipahu.
- (6) In Section 6 of the bill, proviso (2) dealing with the gubernatorial nomination of the Council members, has been deleted.
- (7) Non-substantive changes have been made for the purpose of style, clarity and conformance with existing law.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3190, 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. 3190, H.D. 1, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. No. 139 on H.B. No. 2268

The purpose of this bill is to provide assistance and guidance to health care providers and others in the community in implementing the provisions of the informed consent statute, Section 325-16, Hawaii Revised Statutes, regarding testing and disclosure provisions relating to the Human Immunodeficiency Virus (HIV). This section of the law delineates six

conditions under which informed consent is not required. This bill deals specifically with paragraph (5) entitled "Patient diagnosis and treatment" and paragraph (6) entitled "Health and safety of health care providers."

The original intent of this bill was to direct and authorize the Department of Health to establish rules to implement the statutory provisions relating to informed consent for testing for the presence of the HIV virus.

Your Committee on Conference finds that, due to unclear language in the statute, there has been widespread uncertainty in the community about conditions under which informed consent can be suspended for HIV testing. Representatives from both the legal and the health care professions have requested clarification of the language of the statute.

Your Committee on Conference has therefore chosen to take a two-pronged approach to clarifying the statute: we have made changes to the language of the statute itself and we have restored the rule-making authorization to the Department of Health. Your Committee has accepted the Senate's amendments in Paragraph (5) which clarify the relationship of the HIV test and diagnosis of the patient. We believe this new language represents a substantial improvement over the language in the statute since it explains the circumstances wherein a patient who is "unable to give consent" can nevertheless be tested in order to help the health care provider to make a diagnosis or to determine an appropriate course of treatment. This paragraph also provides for the patient to be informed "in a timely manner" that a test has been performed and that the patient shall be given the opportunity to obtain test results and appropriate counselling.

Your Committee has redrafted paragraph (6) of the bill regarding protection of health care workers and we have restored the subsection granting rule-making authority to the Department of Health. Your Committee believes that mandating this rule-making is clearly necessary since the Department's expertise is vital in formulating an approach to such a complex issue. Rules are required for a number of sections of the law, and especially to define terms such as "in a timely manner", which concern notification of individuals that they have been tested.

Specifically, your Committee on Conference has amended the bill in the following ways:

- (1) We have drafted a new paragraph (6) entitled "Protection of health care workers." This new language requires that a test be ordered by a physician if the physician has determined that the patient is incapable of giving consent prior to treatment, and when there is reason to believe that the safety of health care providers may be affected.

The new paragraph (6) also requires that the availability and quality of service shall not be compromised because of the test results, that costs of such tests be borne by the health care provider, that the patient be informed in a timely manner that a test has been performed, and that the patient be provided the opportunity to obtain test results and appropriate counselling.

- (2) Subsections (a), (c), (d) and (e) of the statute have been restored to the bill as they appeared in the original House version in conformance with correct drafting procedures.
- (3) A new subsection (f), which appeared in the original bill, has been restored. It states: "The department shall adopt rules, pursuant to chapter 91, to establish procedures and standards to implement this section."

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2268, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2268, S.D. 1, C.D. 1.

Senators B. Kobayashi, Matsuura 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. 140 on S.B. No. 2276

The purpose of this bill is to prohibit the sale of processed milk or any milk product or raw agricultural commodity which is labeled "island fresh" unless one hundred percent of the commodity has been produced in this State, or in the case of processed milk or milk products, ninety percent of the product has been produced in the State.

The bill also amends the law which restricts the use of the term "made in Hawaii" to products having at least twenty-five percent or greater of their wholesale value added by manufacture, assembly or fabrication within the State. The amendment increases the requirement for local manufacture, assembly or fabrication to fifty-one percent.

Your Committee, upon consideration, has amended the bill by inserting a severability clause. The bill has been further amended to make nonsubstantive format changes in the proposed subsection (b).

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2276, 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. 2276, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 141 on H.B. No. 2691

The purpose of this bill is to provide the required matching funds for a federal appropriation of \$6,375,000 for a National Center for Applied Aquaculture in Hawaii.

The bill appropriates out of the general revenues the sum of \$1,000,000, to be expended by the Department of Land and Natural Resources, for planning, design, and construction of a Center for Applied Aquaculture in Hawaii. Before any funds are expended, a memorandum of understanding for cooperation shall be signed by the President of the University of Hawaii, the Chairperson of the Department of Land and Natural Resources, and the Chairperson of the Oceanic Institute. The funds appropriated may be expended for facilities at the Oceanic Institute and elsewhere and the parties to the memorandum of understanding shall provide the Legislature progress reports every six months until the Center for Applied Aquaculture is completed.

Your Committee finds it imperative to insure there is a harmonious working relationship amongst the three parties involved. If Hawaii is to be a forerunner in the field of aquaculture, then cooperation between the interested groups is needed.

It is your Committee's understanding that the Department of Land and Natural Resources, as the expending agency for the appropriation, shall ensure that the legislative intent for the Center for Applied Aquaculture is met. Furthermore, the Department shall ensure that the expenditure of funds shall be consistent with the public purpose requirements of the State Constitution and State Law.

Your Committee has amended this bill to make the Center responsible for providing the progress reports to the Legislature, and to change the timing of the progress reports to every twelve months.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2691, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2691, S.D. 2, C.D. 1.

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

Representatives Bunda, Taniguchi, Souki, Tajiri and Cavasso
Managers on the part of the House

Conf. Com. Rep. No. 142 on H.B. No. 2876 (Majority)

The purpose of this bill is to appropriate out of the general funds the sum of \$1, to be expended by the Department of Business and Economic Development, for the completion of a hyperbaric treatment chamber system and for the construction of a structure to house the hyperbaric treatment chamber system. The bill also requires that all permits for the completion of the chamber and the construction of the structure to house the chamber be obtained before the money is made available.

Your Committee recognizes that the Hyperbaric Treatment Center performs a service for the people of Hawaii that is both highly valuable and unique and has saved the lives of many individuals. In addition to treating decompression sickness (bends), the Center has provided hyperbaric oxygen therapy for over a dozen serious medical disorders.

Your Committee, therefore, has amended the bill to appropriate \$1,750,000 for the completion of a chamber system and for the construction of a structure to house the system.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2876, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2876, S.D. 1, C.D. 1.

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

Senator Blair did not concur.

Representatives Bunda, Souki, Hashimoto, Say and Cavasso
Managers on the part of the House

Conf. Com. Rep. No. 143 on S.B. No. 2848

The purposes of this bill are to prohibit a person from mooring a leased vessel at a berth in a state small boat harbor unless the terms of the lease are set at fair market value and to impose, when any interest in a corporation or business entity possessing a commercial mooring permit is transferred, certain conditions to the concomitant transfer of the permit. The intent of this bill is to reduce speculation in mooring permits.

Your Committee has amended the bill as follows:

- (1) The phrase "in continuous commercial operation" on page 3, lines 7 and 8, of the bill, as received, has been replaced by "engaged in the same commercial vessel activity, as defined in section 266-21". The new language is intended to state clearly that the corporation or business entity must have been engaged for at least one year in the commercial activity for which it requires the permit.
- (2) The phrase "equal to the value of the mooring permit transferred which shall be determined" on page 3, lines 10 and 11, of the bill, as received, has been replaced with "as provided". The new language is intended to provide the Department of Transportation with flexibility in establishing the business transfer fee.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2848, 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. 2848, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Oshiro, Bunda, Bellinger, Say and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 144 on H.B. No. 2788

The purpose of this bill is to clarify and streamline the filing requirements for corporation documents. The bill also clarifies the duty of the director and the effect of filing or refusing to accept for filing. The bill makes provision for correction of a filed corporate document. The bill further reduces the number of individuals required to be officers so that if a corporation only has one director, only one individual need be an officer.

The bill also delineates requirements for provisions in the articles of incorporation.

Your Committee, upon further consideration, has made a non-substantive amendment for purposes of clarity, correcting the references to chapter 415A.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2788, 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. 2788, H.D. 2, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 145 on H.B. No. 3601

The purpose of this bill is to correct references to the general corporation laws found in other chapters of the Hawaii Revised Statutes.

Chapters 419, 421, 421H, 422, 423, and 424, regarding the formation and existence of certain types of corporations, cooperatives, and associations, make reference to Chapter 416, "Corporations, Generally," which was repealed effective July 1, 1987. The Department of Commerce and Consumer Affairs (DCCA) testified that this housekeeping measure incorporates correct statutory references to repealed sections which have been recodified into Chapters 415 or 415B.

The bill also provides that fifty, rather than one-fourth of all licensed dentists and dental surgeons in the state are necessary to form a dental service corporation.

Your Committee, upon further consideration, has amended this bill to delete the changes to section 421C-31 relating to merger and consolidation for purpose of clarity. A Ramseyer error was also corrected.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3601, 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. 3601, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 146 on S.B. No. 3076

The purpose of this bill was to lower the amount of the penal bond required of used motor vehicle dealers pursuant to Section 437-17(a), Hawaii Revised Statutes, from \$100,000 to \$25,000 for those selling seventy-five or less motor vehicle units a month.

Current law provides the lower rate for used motor vehicle dealers who sell twenty-five or less units a month. New motor vehicle dealers must keep a bond in the penal sum of \$200,000 and larger used motor vehicle dealers must keep a bond in the sum of \$100,000.

Your Committee finds that bonding is necessary to protect the public from unscrupulous, fraudulent, and deceptive practices. However, your Committee finds that smaller new and used motor vehicle dealers may present less of a problem than envisioned by the 1985 Legislature, which provided the current bond amounts. Therefore, your Committee has amended this bill by providing that new motor vehicle dealers who sell less than ten new units per month average on an annual basis may satisfy the requirements of Section 437-13(a) with a bond in the amount of \$50,000. Used motor vehicle dealers who sell sixty or less units per month average on an annual basis may satisfy the requirements with a bond in the amount of \$25,000.

In addition, your Committee has provided that these reduced bonding requirements shall be repealed as of July 1, 1989, and that during this period, dealers who take advantage of the lowered bond amount shall not collect payments on motor vehicle purchases without delivery of the motor vehicle. In the meantime, the Motor Vehicle Licensing Board shall study and report to the 1989 Legislature on the appropriateness of the bonding amounts as well as the requirement itself.

Your Committee has further amended this bill by making a technical change which has no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3076, 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. 3076, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 147 on H.B. No. 2523

The purpose of this bill is to change registration of travel agencies and sales representatives to licensing under the Travel Agencies Law.

The bill establishes conditions for revocation and suspension of license and procedures for hearings on disciplinary actions. In addition, the bill does the following:

- (1) Provides that a sales representative does not include a salaried employee who does not receive a commission;
- (2) Amends usage of the Travel Agency Recovery Fund to allow recovery for persons aggrieved by an omission of material fact or where a licensee is a debtor under the Bankruptcy Code;
- (3) Requires advertisements for travel agency and sales representative to include its license number;
- (4) Requires each travel agency and sales representative to disclose any restrictions, limitations, conditions, and fee assessments pertaining to a person's right to cancel, obtain a refund, change itinerary, or make a claim for lost tickets when the person purchases travel services; and
- (5) Provides that failing to make a refund in a timely manner to a person with whom the travel agency or sales representative has contracted for travel services within thirty days from the day (A) the refund is requested in writing, or (B) the travel agency or sales representative has recovered the amount to be refunded or has obtained credits from the transportation carrier, travel service provider, or other source, whichever is later, is a basis for disciplinary action;
- (6) Provides that failure to make a refund in a timely manner for documents, including tickets, for travel services which are not honored by transportation carriers, constitutes a basis for disciplinary action.

Your Committee, upon further consideration, has made amendments to this bill by:

- (1) inserting a definition of "airline award";
- (2) requiring a specific written disclosure to the customer when an airline award is purchased; and
- (3) deleted the amendment to section 468K-11 dealing with maximum liability of the Travel Agency recovery Fund.. By making this deletion your Committee does not mean to express any legislative intent with respect to the amount of liability of the Travel Agency Recovery Fund in any particular case.
- (4) eliminating refund or credit by wholesale travel service providers as a permissible reason for delaying a refund to a consumer beyond thirty days, thus requiring refunds in such instances within thirty days of the request for refund in writing.

Your Committee on Conference is in accord with the intent and purpose of H.B. 2523, 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. 2523, 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, Andrews, Hiraki, Shito and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 148 on H.B. No. 3287

The purpose of this bill is to require motor vehicle mechanic apprentice/trainees and motor vehicle mechanic helpers to register with the Motor Vehicle Repair Industry Board and to require that an apprentice or helper work under the direct supervision of a registered motor vehicle repair dealer or motor vehicle mechanic. The bill also makes the motor vehicle mechanic or repair dealer responsible for work done by the apprentice or helper.

Your Committee, upon further consideration, has made amendments to this bill to eliminate certain redundant definitions in Section 437-1, Hawaii Revised Statutes, and to add a new definition for "certified mechanic". The amended bill also deletes the definitions for "apprentice/trainee" and "registered certified mechanic".

Your Committee has also amended this bill to eliminate references to apprentice/trainees to conform with the deletion of the definition for "apprentice/trainee".

Your Committee has also amended this bill to eliminate any registration requirement for motor vehicle mechanic helpers and remove specific reference to responsibility for the work of the motor vehicle mechanic helpers. Your Committee is informed that the Motor Vehicle Repair Board will address the question of registration of helpers during the interim.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3287, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3287, S.D. 1, C.D. 1.

Senators Cobb, Fernandes Salling, Nakasato and Ikeda
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. 149 on H.B. No. 3494

The purpose of this bill is to combine into a single chapter the existing authority and responsibility of the Division of Measurement Standards. The bill also removes a nonoperable section, Section 292-11, Hawaii Revised Statutes, relative to the odometer revolving fund, provides for the bonding of nonresident or nonregistered scale installers or service personnel, and deletes the redundant role imposed upon the chairperson of the Board of Agriculture as the Director of Measurement Standards.

The bill also provides that the price of gasoline sold by the liter must also be posted by the gallon.

Your Committee, upon further consideration, has amended this bill to delete the requirement of posting gasoline prices by the gallon as your Committee believes this issue has been separately addressed by the Legislature and need not be addressed in this bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3494, 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. 3494, H.D. 2, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 150 on S.B. No. 1541

The purpose of this bill is to establish the statutory provisions governing the donation and recovery of anatomical gifts.

Hawaii currently has a "Uniform Anatomical Gift Act" (Chapter 327, Part I, Hawaii Revised Statutes). However, your Committee finds that the 1987 version drafted by the National Conference of Commissioners on Uniform State Laws, which is for the most part provided in this bill, represents a significant improvement and will be of substantial value in Hawaii's efforts to increase the supply of donated organs and tissues for transplant purposes.

Your Committee has amended this bill by recasting part of proposed Section 327-4 to clarify that a medical examiner, coroner, or coroner's physician are the officials that may allow removal of a part from a body if certain conditions are met and that the person or entity requesting the part has the responsibility for making a reasonable effort to contact the persons who have the option to make, or object to making, an anatomical gift.

The bill has been further amended by deleting the material on page 9, lines 6-8, which provides for negative or non-responses to a routine inquiry as to whether a hospital patient is a donor. Your Committee has also provided that the hospital personnel responsible for eliciting information regarding a patient's status as a donor shall make available information regarding anatomical gift options rather than require that such information be provided.

Your Committee has also amended this bill by changing the word "direction" to "discretion" on page 10, line 7; by substituting the word "firefighter" for "fireman" on page 10, line 14; and 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. 1541, 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. 1541, S.D. 2, H.D. 2, C.D. 1.

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

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

Representative Tom did not sign the report.

Conf. Com. Rep. No. 151 on S.B. No. 2362

The purpose of this bill is to encourage the development and use of nonfossil fuel sources of electric energy.

The effect of this bill is to expressly provide the Public Utilities Commission (PUC) the discretion to allow an electric utility to recover the firm capacity payments and related revenue taxes made to a nonfossil fuel energy producer on an interim basis until the electric utility's next general rate proceeding. This interim rate relief would properly compensate the electric utility in a timely manner and thereby encourage their use of nonfossil fuel generated electricity.

Under this bill, the PUC may grant an appropriate interim rate increase upon application by the public utility, notification of the affected utility customers, completion of evidentiary hearings, and a favorable finding on the following five points. The capacity payments must be: (1) just and reasonable, (2) not unduly prejudicial to the customers of the public utility, (3) promotional of Hawaii's long-term objective of energy self-sufficiency, (4) encouraging to the maintenance or development of nonfossil fueled sources of electrical energy, and (5) in the overall best interest of the general public. The PUC also has the discretion to require a public hearing.

Your Committee, upon consideration, has amended the proposed subsection (d) of Section 269-27.2 by replacing the term "resulting rates" at page 4, line 9 with "amount of increase in rates due to the payments for firm capacity and related revenues taxes" to clarify the bill's intent of providing the PUC with the discretion to allow an interim rate increase between general rate proceedings, and not to encumber the earlier stated objectives of this bill with the technical details inherent in a general rate proceeding.

Your Committee wishes to emphasize that this amendment does not preclude the PUC from due consideration of the effect of the interim increase in rates upon the electric utility customer. For example, if an interim increase will add \$1 to a current \$60 per month bill, in addition to examining the reasonableness of the \$1 interim increase, the PUC shall consider the effect of a \$61 per month bill on the utility's customers. It is understood that the \$60 portion of the bill was found to be just and reasonable in the utility's most recent general rate proceeding and will be examined anew in its next general rate proceeding, rather than in the evidentiary hearing for the recovery of capacity payments made to nonfossil fuel producers.

The bill has been further amended to conform with recommended drafting style by capitalizing the first letter of the five items enumerated on page 4 of the bill and by adding the word "and" after the semi-colon of the fourth enumerated item.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2362, 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. 2362, S.D.1, H.D.1, C.D. 1.

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

Representatives Hirono, Andrews, Hiraki, Takamine and Jones
Managers on the part of the House

Conf. Com. Rep. No. 152 on S.B. No. 2773

The purpose of this bill is to allow the Director of Finance to have a designated representative to serve on the Board of Trustees of the Public Employees Health Fund and the Board of Trustees of the State Deferred Compensation Plan.

The bill also allows the Director of Business and Economic Development to have a designated representative to serve on the State Planning Policy Council, the Board of Directors of the Housing Finance Development Corporation, the Aloha Tower Development Corporation, and the Board of Directors of the Research Corporation of the University of Hawaii.

Presently, the law does not clearly empower a department head to designate a representative when the department head is unavailable. Thus, it is not clear whether a representative can exercise the authority of the absent department head and have other privileges and immunities of the department head.

Your Committee has made the following amendments to the bill:

- (1) Further amended Section 226-53(a)(3), Hawaii Revised Statutes, by substituting "chairpersons" for "chairmen" on page 4, line 1 and clarifying the reference to the director of environmental quality control on page 4, lines 6 and 7.
- (2) Corrected the name of the Department of Business and Economic Development by deleting the word "planning" on page 6, line 3, and replacing it with the word "business"; and
- (3) Deleted Section 5 of the bill, which would have allowed the Director of Business and Economic Development to have a designated representative on the Board of Directors of the Aloha Tower Development Corporation. Since the law designates the Director of Business and Economic Development as the chairperson, there should be no need to send a representative. Subsequent sections of the bill are appropriately renumbered.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2773, 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. 2773, S.D. 1, H.D. 1, C.D. 1.

Senators Blair, Fernandes Salling, Young and George

Managers on the part of the Senate

Senator Fernandes Salling did not sign the report.

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

Conf. Com. Rep. No. 153 on H.B. No. 3441

The purpose of this bill is to amend the capital loan program to delete the requirement of having to be turned down by commercial lenders on participation loans and to allow the interest rate to fluctuate.

Your Conferees have amended this bill by deleting the phrase "and for borrowers outside of the State" on page 1, line 3-4, in order to make clear that the department is being authorized to become involved in participation loans for any borrower, whether the borrower is a domestic or foreign operation. Of course, in any event it is understood that the loan will be made for activities benefitting the State of Hawaii.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3441, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3441, S.D. 2, C.D. 1.

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

Representatives Levin, Fukunaga, Kanoho, Lee and O'Kieffe
Managers on the part of the House

Conf. Com. Rep. No. 154 on S.B. No. 2868

The purpose of this bill is to extend the protections from unwanted smoke, which are currently provided to public employees, to persons who work in organizations which receive state funds pursuant to Chapter 42, Hawaii Revised Statutes.

Your Committee finds that organizations which receive state funding in the forms of grants, subsidies, or purchase of service contracts are a vital extension of our government service system and that their workers deserve the same considerations as do those working within established government offices.

Your Committee has amended this bill by deleting the proposed definition of "bar" and providing that employers affected by the expanded definitions in this bill shall adopt smoking policies within three months of its effective date.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2868, 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. 2868, S.D. 1, H.D. 2, C.D. 1.

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

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

Conf. Com. Rep. No. 155 on S.B. No. 587

The purpose of this bill is to improve the system of bicycle registration and renewal by, inter alia, requiring bicycles having two tandem wheels that are twenty inches or more in diameter and all mopeds to register on a biennial basis at a cost of \$6 and allowing owners of "sidewalk bikes" to register them by paying the biennial fees.

Your Committee has made the following amendments to the bill:

- (1) Increased the biennial registration fee to \$8, splitting the difference between S.D. 1 and H.D. 1.;
- (2) Deleted the reference to bicycles which are "not used on public highways" because most bicycles, regardless of the size, will occasionally be used on public highways at least in residential neighborhoods;
- (3) Deleted the 10 cents charge for tag and decal, because the administrative cost of processing the charge exceeds the income produced;
- (4) Increased the penalty from 50 cents to \$1 for bicycles and mopeds having no tag or decal affixed to it as required by Section 294-14;
- (5) Increased the charge from 10 cents to \$2 for the issuance of a duplicate tag or decal; and
- (6) Made nonsubstantive technical changes as follows (Reference to page and line numbers are to the bill as received):
 - (a) Page 2, line 3 - deleted the comma after the word "year" and substituted a semicolon therefor;
 - (b) Page 2, line 4 - deleted the words "calendar year" and substituted "biennium" therefor;

- (c) Page 3, line 10 - indicated that brackets currently appear around "§249-14.3" and deleting the brackets under the Ramseyer format;
- (d) Page 5, line 3 - added a comma after the word "finance;" and
- (e) Page 7, line 2 - corrected a typographical error by replacing "259-14" with "249-14."

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 587, 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. 587, S.D. 1, H.D. 1, C.D. 1.

Senators Blair, Fernandes Salling, Young and George
Managers on the part of the Senate

Senator Fernandes Salling did not sign the report.

Representatives Bellinger, Crozier, Ihara Jr., Kotani and Marumoto
Managers on the part of the House

Conf. Com. Rep. No. 156 on S.B. No. 2852

The purpose of this bill is to allow the use of fees generated from boating to be used for the construction of boating facilities, and to provide the owner of an impounded vessel an opportunity for an administrative hearing to contest the basis for impoundment of the vessel.

Presently only general revenues can be utilized for the amortization of the costs of constructing general navigation channels, breakwaters, aids to navigation and other harbor protective structures. This bill will allow the Department of Transportation (DOT) the flexibility of amortizing the costs of these structures by using boating special fund revenues.

Under the present law, the DOT may impound any unauthorized vessel from a state harbor at the cost and risk of the owner seventy-two hours after posting a notice to remove the vessel. This bill requires the DOT, within seventy-two hours of impoundment, to notify the registered owner or operator of the impoundment of the unauthorized vessel. The owner or operator then has ten days after receipt of the notice to request an administrative hearing to contest the basis given by the DOT for the administrative impoundment of the vessel.

Your Committee, upon consideration of this bill, finds that the impoundment provisions contained in Section 2 are already being addressed in H.B. No. 3540 and therefore has deleted Section 2 and appropriately renumbered the remaining sections.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2852, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2852, H.D. 1, C.D. 1.

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

Representatives Oshiro, Bunda, Metcalf, Bellinger and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 157 on S.B. No. 2871

The purpose of this bill is to clarify confidentiality issues relating to medical information which identifies persons who have HIV infection, AIDS Related Complex (ARC), or Acquired Immune Deficiency Syndrome (AIDS).

The bill would authorize the release of sufficient information to third party payors to insure reimbursement of health care providers for services rendered. In addition, the bill would permit such information to be transmitted by one health care provider to another who is taking over the case or providing additional treatment, and allows for release pursuant to a court order, after an in camera review of the information and upon a showing of good cause.

Your Committee finds that confidentiality issues with regard to persons with HIV infection, ARC, or AIDS are a subject of continuing concern among those individuals, health care providers, third party payors such as insurers, and the community. This bill represents a well thought out balance of interests which insures both confidentiality and access to necessary information.

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

Your Committee notes that House Draft 1 of this bill deletes section 325-101(a)(9) of the Senate version, providing for release of information to another individual in the same office, agency, or firm for clerical, administrative, or other bona fide business purpose. It is the intent of your Committee that normal exchanges of information in the business sector be unencumbered by statute as long as confidentiality is respected by all parties.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2871, 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. 2871, S.D. 1, H.D. 1, C.D. 1.

Senators B. Kobayashi, George and Solomon
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. 158 on H.B. No. 2096

The purpose of this bill is to expand and clarify the authority of the Aloha Tower Development Corporation, including the expansion of the Aloha Tower Complex boundaries. Inasmuch as significant steps have been taken towards implementing a master plan of the Honolulu waterfront, improving the development viability of the Aloha Tower project is timely and consistent with that planning effort.

As received by your Conference Committee, H.B. No. 2096, S.D. 2, has broadened the Aloha Tower Development Corporation's development prerogatives in order to provide the Corporation with the flexibility it needs to develop a viable project. In addition, the bill has amended the Aloha Tower Complex boundary so as to encompass the entire waterfront area from Pier 4 to Pier 23, and also parcels adjacent to the waterfront including the Hawaiian Electric power plant, Irwin Park and several parking lots.

Your Committee upon further consideration has made the following amendments to H.B. No. 2096, S.D. 2:

- (1) The area from Pier 4 up to the Diamond Head boundary of the Aloha Tower Complex, which is currently a part of the Kakaako Community Development District, has been removed from the proposed new Aloha Tower Complex boundary.
- (2) The new provision which authorizes the Aloha Tower Development Corporation to require other public agencies to convey or lease their lands to the Aloha Tower Development Corporation upon request has been deleted.
- (3) Language to clarify the Aloha Tower Development Corporation's and the Department of Transportation's jurisdiction over various facilities developed as part of the Aloha Tower project has been added. These amendments are consistent with existing statutory language and, therefore, non-substantive in nature.
- (4) Other technical, non-substantive amendments have been added.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2096, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2096, S.D. 2, C.D. 1.

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

Representatives Shito, Kawakami, Shon, Tom and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 159 on S.B. No. 3219

The purpose of this bill is to allow the County/State Hospital Division (C/SHD) of the Department of Health (DOH) to purchase diagnostic and therapeutic medical equipment, upon approval of the Department of Accounting and General Services (DAGS), without necessarily adjusting specifications for the purpose of qualifying more than one vendor and without being bound to accept the lowest bid if doing so is inconsistent with the needs of C/SHD.

The bill allows this deviation from standard procedures for five years, until June 30, 1993. DAGS and DOH are required to submit reports to the Legislature on January 1, 1989 and January 1, 1993, to assure appropriate legislative oversight.

The bill, as passed by the Senate, exempted the purchase of diagnostic and therapeutic medical equipment from the bid procedures. The five year limit, with reports to assure legislative oversight, were included in the Senate's draft.

Your Committee, upon further consideration, has made the following amendments to S.B. No. 3219, S.D. 1, H.D. 1:

- (1) Section 103-22 has been reformatted, to include the exceptions to the bid requirement in a list with appropriate nonsubstantive drafting amendments. The list is located after the statement of the general rule which it modifies, rather than bifurcating the statement of the general rule. This makes the statute easier to understand.
- (2) New language is added, constituting a sixth exception, for the emergency replacement of existing diagnostic and therapeutic equipment for C/SHD.
- (3) The structure of Section 103-22 is amended so that subsection (b) in H.D. 1 is now subsection (c). Subsection (c) is amended to make it clear that the general list of exceptions in subsection (a) and the provisions of subsection (b) also apply to purchases of medical diagnostic or therapeutic equipment by C/SHD. For example, for a purchase in an amount below \$4,000 bidding would not be required. Similarly, where the DOH specifications are not adjusted to qualify more than one vendor, Section 103-22(a)(3) would apply.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3219, 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. 3219, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Shon, Souki, Hagino, Leong and Marumoto
Managers on the part of the House

Conf. Com. Rep. No. 160 on S.B. No. 546

The purpose of this bill is to repeal the special or local statutes setting forth the powers of particular counties and replace them with grants of general powers which apply uniformly to all counties.

Your Committee upon further consideration has made the following amendments to S.B. No. 546, S.D. 1, H.D. 2:

- (1) Amended the findings and purpose section to reflect the issuance of Attorney General Opinion 87-1, which superseded Attorney General Opinion 62-11.
- (2) Deleted the words "Any other law concerning counties to the contrary notwithstanding, but", at the beginning of the new section on page 2, lines 13-14. The explicit repeal of Chapters 61, 62, 64, 65, 66, 67 and 70 makes them unnecessary. They were included in S.D. 1 only because that draft superseded, without repealing, the special or local statutes.
- (3) Deleted the word "rented" from the new paragraph 46-___(12). It is an unnecessary limitation on the ability to impose and enforce liens.
- (4) Corrected a typographical error in the new paragraph 46-___(16) by replacing the word "presale with "the sale".
- (5) Amended 46-___(24) to include zoning code violations, in addition to building code violations.
- (6) Deleted SECTION 6, regarding the "Kula pipeline" since Section 66-5, HRS is obsolete. Subsequent Sections of the bill have been appropriately renumbered.
- (7) Made technical changes which have no substantive effect.

Your Committee considered amending the phrase "any property held for school purposes", in the new paragraph 46-___(16), to read "any property used for school purposes". Upon reflection, it was decided to retain the word "held". Thus, if county-owned property is "abandoned" by the Board of Education, the consent of the Superintendent of Education is not required. However, land which is "held" for future school use and not abandoned by the Board of Education, even if not actually "used" for school purposes, cannot be disposed of without the consent of the Superintendent. City owned land actually "used" for school purposes clearly cannot be disposed of without the consent.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 546, 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. 546, S.D. 1, H.D. 2, C.D. 1.

Senators Blair, Fernandes Salling, Young and George
Managers on the part of the Senate

Senator Fernandes Salling did not sign the report.

Representatives Crozier, Souki, Horita, Ihara Jr. and Marumoto
Managers on the part of the House

Conf. Com. Rep. No. 161 on S.B. No. 3217

The purpose of this bill is to establish criminal penalties for negligent and knowing violations of water pollution control rules, permit conditions, and pretreatment requirements.

The Department of Health is currently preparing a redelegation request for the National Pollutant Discharge Elimination System (NPDES) program from the federal Environmental Protection Agency. The NPDES program is a key element and a major source of funds in the State's effort to control water pollution. In order to complete the redelegation request, the State is required to have statutory authority to enforce pretreatment requirements and have criminal penalty requirements which are consistent with the federal Water Quality Act of 1987, Public Law 100-4. This bill would satisfy those requirements.

Your Committee has amended the bill as follows:

- (1) Added the possible penalty of imprisonment for not more than one year for an initial negligent violation and imprisonment for not more than two years for any subsequent violation;
- (2) Added the new definition of "Industrial user" to Section 342-31, Hawaii Revised Statutes (HRS);
- (3) Added an amendment to Section 342-33, HRS, by providing that no person, including any industrial user, shall discharge any pollutant or affluent into a publicly owned treatment works or sewerage system in violation of a pretreatment standard established by the department or the publicly owned treatment works, or a pretreatment condition in a permit issued by the department or a publicly owned treatment works; and
- (4) Added an amendment to Section 342-11, HRS, by deleting subsection (e), relating to penalties for wilful or negligent violations of Part III of Chapter 342, to prevent inconsistencies with the penalties proposed in this bill.

- (5) Made technical amendments for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3217, 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. 3217, S.D. 1, H.D. 2, C.D. 1.

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

Representatives Andrews, Metcalf, Honda, Isbell and O'Kieffe
Managers on the part of the House

Conf. Com. Rep. No. 162 on S.B. No. 2318

The purpose of this bill is to shorten, from 45 to 30 days, the deadline by which the State or the counties must pay vendors' invoices.

The House Draft made two amendments to the bill, as introduced:

- (1) the proposed addition of the word "automatically" in reference to the entitlement of vendors to interest was deleted, and
- (2) the effective date of the bill was changed from "January 1990" to "upon approval."

The deletion of the word "automatically" from the bill should not be interpreted as an affirmative decision by the legislature that interest need not be paid. There appears to be conflicting practices within State agencies concerning the payment of interest. These conflicts will have to be resolved based upon the current law.

Your Committee upon further consideration has amended the bill to change the effective date to January 1, 1990. This will give agencies time to adjust to the new payment schedules.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2318, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2318, H.D. 1, C.D. 1.

Senators Blair, Fernandes Salling, Young and George
Managers on the part of the Senate

Senator Fernandes Salling did not sign the report.

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

Conf. Com. Rep. No. 163 on S.B. No. 2681

The purpose of this bill is to establish an advisory committee within each county for the purpose of advising the Director of Transportation on matters relating to the statewide helicopter master plan.

This bill also directs the Department of Transportation (DOT) not to make or permit any additions or alterations to helicopter facilities at public airports other than in conformity with the statewide helicopter master plan, and specifies that the master plan is to be formally reviewed every five years.

Your Committee, upon consideration, has expanded on the House Draft by:

- 1) Specifying that the master plan shall also include a determination of the maximum number of helicopters that can be accommodated at each airport; the extent of emergency services, maintenance, and operations at each state airport; and an assessment of impact on surrounding areas;
- 2) Requiring the master plan to be submitted to the Legislature no later than twenty days prior to the convening of the Regular Session of 1989;
- 3) Requiring that the advisory committee include representatives from the helicopter industry and the communities adjacent to the airport;
- 4) Defining "helicopter operation" to mean the operation of a helicopter company from an airport under the State's control;
- 5) Amending Section 261-12, HRS, by adding a new subsection to (a) require all tour aircraft operations to obtain a permit in order to utilize any airport under the State's control; (b) direct the Director of Transportation to adopt rules to regulate tour aircraft operations by permit; (c) provide some guidelines for rulemaking; and (d) define "tour aircraft operations";
- 6) Including a severability clause;
- 7) Amending the effective date clause to provide that Section 2 of the bill (described in item 5 above) take effect January 1, 1989; and

8) Making technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2681, 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. 2681, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Oshiro, Bellinger, Crozier, Kotani and Marumoto
Managers on the part of the House

Conf. Com. Rep. No. 164 on H.B. No. 2783

The purpose of this bill is to amend the accident and sickness insurance provisions by requiring persons offering policies or contracts for sickness or other health care services to file every manual of classifications, rules and rates, every rating plan, and every modification with the Insurance Commissioner.

Your Committee, upon further consideration has amended this bill to clarify that the adoption of rules provided would be pursuant to Chapter 91, Hawaii Revised Statutes.

Your Committee has also amended this bill to make the Commissioner's review of the filings mandatory and to make the Commissioner's adoption of rules optional in the Commissioner's decision.

Finally, your Committee has amended this bill to clarify that rates for these policies or contracts shall not be excessive, inadequate or unfairly discriminatory.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2783, 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. 2783, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 165 on H.B. No. 3261

The purpose of this bill is to allow a failed or failing state-chartered bank or industrial loan company whose investment or thrift certificates are insured by the FDIC, to be acquired by an out-of-state financial institution. The bill creates a new chapter and sets forth the procedures by which acquisitions could occur. Upon determining that a state-chartered financial institution, as defined in this bill, is in danger of failing, the Commissioner of Financial Institutions is empowered to take certain actions in order to protect depositors and the public.

The bill specifies certain factors which must be considered by the Commissioner in evaluating applications which are tendered for the failed or failing financial institution.

The bill also sets up an order of priority for the type of institution which would be allowed to acquire the failed or failing institution.

Your Committee, upon further consideration, has amended this bill to eliminate the priorities established and related provisions. Your Committee does not, by this amendment, intend to indicate a preference for any order of priority at this time. The question before the Committee was in which priority to place local savings and loan companies. This amendment to the bill was a result primarily of regulatory concerns including lack of information with respect to the speed at which a savings and loan company could take over a bank, as compared to the speed at which a bank could take over a failed or failing bank. Your Committee is informed that there is pending currently on the mainland the acquisition of a failing or failed bank by a savings and loan company. It is expected that many of your Committee's regulatory concerns may be answered upon the resolution of this acquisition. Your Committee expects regulators to take an especially close look at this and other acquisitions of banks by non-banks to assess the effect of the different regulatory scheme for savings and loan companies on bank acquisitions.

Your Committee intends that the questions of who can acquire failing banks and in what order of priority as well as out-of-state acquisitions be left for a future date and the status quo be preserved by this bill, on these two issues.

Your Committee does believe the provisions of the balance of this bill have substantial merit in clarifying the authority of, and giving direction to, the Commissioner in the area of emergency takeovers of banks and industrial loan companies.

Your Committee has also made non-substantive amendments to this bill for the purpose of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3261, H.D. 1, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached here to as H.B. No. 3261, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 166 on H.B. No. 3291

The purpose of this bill is to reenact amendments made to the insurance laws in the 1987 Session to ensure that those amendments are not repealed by virtue of the effective date of Act 347, Session Laws of Hawaii 1987. This bill also provides that failure to provide the insured with a reasonable explanation of a claim delay within thirty calendar days, if the explanation is by telephone, or ninety calendar days, if by writing, constitutes an unfair practice.

The bill further, removes the requirement that motorcycle or motorcycle insurers must provide a fifteen percent premium reduction for liability insurance if the applicant has passed a motorcycle education course approved by the Department of Transportation.

Your Committee, upon further consideration, has amended this bill to provide that failure to provide the insured with a reasonable written explanation of unresolved claim delay within thirty calendar days from the date the claim was reported, constitutes an unfair practice.

Your Committee has also deleted the provision which would remove the 15% premium reduction for motorcycle insurance where the applicant has passed a motorcycle education course. The 15% premium reduction would thereby be preserved.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3291, 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. 3291, H.B. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 167 on H.B. No. 3297

The purpose of this bill was to provide that a sole proprietor, partnership, corporation, or other business entity operating a condominium hotel, who is not a custodian or caretaker, must register on a biennial basis as a condominium operator.

The bill also provides that a registration fee may be assessed by the Commission. The bill further provides that late fees may not be deducted from the current payment of common expenses by a condominium unit owner and reduces the percentage of condominium unit owners necessary to change the use of common elements but provides that all directly affected owners must approve.

Your Committee, upon further consideration, has made amendments to this bill to delete references to provisions for changing the use of common elements. Your Committee additionally amended the provision with respect to late fees to allow such a deduction if written notice is mailed or delivered to the owner at least seven days prior to such a deduction.

Your Committee has further amended this bill to provide that registration of condominium hotel operators shall include information as to the number of units managed for others and units owned by the operator. The bill is also amended to suspend the requirement that such operators be licensed as real estate brokers until June 30, 1989. Also effective until June 30, 1989 is an amendment providing that licensure as a broker may be accepted, at the Commission's discretion, as an alternative to the bonding requirements. Your Committee intends that the bonds required by this section are surety bonds. Finally, your Committee has suspended the bonding requirements until June 30, 1989 for operators managing ten units or less for others.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3297, 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. 3297, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 168 on S.B. No. 743

The purpose of this bill is to improve the State's historic preservation program by establishing rules for the protection, preservation, reinterment, and archaeological examination of significant prehistoric and historic burial sites.

Upon consideration of discussion during conference, your Committee has amended this bill by:

(1) Replacing the words "identified cemeteries" on page 2, line 11, with the phrase "a known, maintained, actively used cemetery," in order to exclude only actively used cemeteries from the requirements of this bill regarding the discovery of human skeletal remains;

(2) Deleting proposed subsection (e)(4) on page 4 on the basis that the time requirements proposed in the subsection were unrealistic;

(3) Specifying that the mitigation plan be developed according to the guidelines in subsection (c)(3), which clarifies the time frame for development of a mitigation plan by the department;

(4) Inserting new language as subsection (e)(2) on page 4 directing project activities to resume once necessary archaeological excavations have been completed. The amendment is intended to avoid prolonged delays; and

(5) Making technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 743, 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. 743, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Levin, D. Ige, Isbell, Lee and Pfeil
Managers on the part of the House

Representatives Lee and Pfeil did not sign the report.

Conf. Com. Rep. No. 169 on S.B. No. 3222

The purpose of this bill is to make changes to certain definitions and exclusions within the child care laws.

Current law provides for the number of children which can be cared for in family and group child care homes, the caregiving relationships requiring licensing, the hours of care per week requiring licensing, the licensing authority, and the types of programs excluded from licensing. This bill makes the following amendments to current law:

(1) Increases the number of children permitted in family child care homes to six and the minimum number of children permitted in group child care homes to seven in order to accommodate the growing need for child care while reducing the cost of care per child;

(2) Exempts adoptive caregiving relationships from licensing because such a relationship is as personal and bonding as by blood or marriage;

(3) Restructures the exemption for casual child caring by changing the standard from less than three hours a day but no more than two times a week to not less than six hours a week in order to provide more flexibility in applying the exemption;

(4) Clarifies that programs licensed by the Department of Education qualify for exemption to avoid the potential for duplicate licensure;

(5) Clarifies the exemption for those programs which provide exclusively for specialized development for children, such as sports, language, dance, drama, music, or martial arts; and

(6) Exempts from licensing those programs for children four years and older which operate for no more than two consecutive calendar weeks in a three-month period to eliminate the prohibitive costs and amount of bureaucratic red tape necessary for licensing such programs of short duration.

Your Committee has amended the bill by making nonsubstantive changes for the purpose of clarity and conformance with recommended drafting style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3222, 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. 3222, S.D. 1, H.D. 1, C.D. 1.

Senators McMurdo, Menor and Herkes
Managers on the part of the Senate

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

Conf. Com. Rep. No. 170 on S.B. No. 1265

The purpose of this bill is to regulate parasailing. The bill requires the department of transportation to designate areas in the waters of the State on or above which persons may engage in parasailing. The bill also prohibits a person less than fifteen years of age from engaging in the activity.

Your Committee finds that the major intent of this bill is to implement one of the recommendations of the report entitled: A Statewide Ocean Recreation Management Plan. Among other things, the Plan recommends that "(N)o para-sailing should be permitted, except in designated areas."

Major amendments to the bill are as follows:

- (1) The prohibition on a person less than fifteen years of age engaging in parasailing has been deleted. Your Committee feels that the prohibition has not been justified sufficiently at this time;
- (2) The provisions in section 267-16, Hawaii Revised Statutes, which prohibit thrill craft operations and parasailing, except in areas designated by the department of transportation, have been separated into different subsections. Your Committee finds that the separation makes the provisions clearer;
- (3) The deadlines by which the department must designate areas in the waters of the State where thrill crafts may operate and parasailing occur have been extended to October 1, 1988, from July 1, 1988. Your Committee has recently become aware that the department may not be able to meet the July 1 deadlines. Thus, your Committee has decided to give the department an extension of three months;
- (4) A new subsection (e) has been added to section 267-16, Hawaii Revised Statutes. The subsection, in effect, places a moratorium on the number of commercially used thrill crafts and parasailing vessels. Your Committee intends that the number of thrill crafts and level of parasailing activity on the effective date of the bill not be increased during the extension period. Your Committee finds that the moratorium is a necessary tradeoff for the extended deadlines. If the deadlines are not extended, thrill craft operations, surely, and parasailing, possibly, would be banned.

Your Committee has also made other changes to conform to the abovementioned amendments.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1265, S.D. 1, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 1265, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Bunda, Oshiro, Bellinger, Hashimoto and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 171 on H.B. No. 2055

The purpose of this bill is to establish a demonstration project to provide transitional child care, health care, and housing benefits for families receiving assistance from the Aid For Dependent Children or the General Assistance program when benefits are terminated or decreased due to employment which has been subsequently acquired.

Upon further consideration, your Committee has amended the bill by inserting the amount of \$1,613,578 as the sum appropriated for the demonstration project. The bill has also been amended to specify that the project is to serve 300 families.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2055, 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. 2055, H.D. 1, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. No. 172 on H.B. No. 3012

The purpose of this bill is to provide funds to the Department of Health for additional mental health positions for mental health services to children and youths in each geographic region of the State.

Your Committee finds that this bill would provide flexibility in funding and staff so that a range of appropriate mental health resources could be allocated student by student, region by region, to meet the mental health needs of children and youth throughout the State. The bill also includes a mechanism for assessing, documenting and reporting to the Legislature and the Governor the unmet needs for mental health services for students in each geographic area.

Your Committee has amended this bill by specifying an appropriation of \$550,000 and adding language noting that the appropriation is intended to fund high priority areas for the development and improvement of children's mental health services.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3012, 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. 3012, H.D. 1, S.D. 2, C.D. 1.

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

Representatives Shon, Souki, Kawakami, Leong and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 173 on H.B. No. 2046

The purpose of this bill is to fund high priority programs in the fight against AIDS; to relieve the pressure on private non-profit organizations; to enlist a broad range of agencies in the fight against AIDS; and to deal with AIDS in the context of other pressing health issues, such as drug abuse, health education, case management, and outpatient care.

The bill addresses the three broad areas of AIDS education and information; health care and treatment; and AIDS administration and coordination. The bill also requires the Department of Health to utilize Federal funds to the fullest as they become available; to expend funds according to the needs of different populations; to report to the 1989 Legislature on the expenditure of funds; and to provide some flexibility in the transfer of funds from one category to another. This bill represents a significant legislative commitment to combat AIDS in Hawaii and is the largest and most comprehensive legislative appropriation for AIDS programs to date.

Your Committee on Conference has amended the Senate draft of the bill in the following manner:

- (1) In Section 2 of the bill we have appropriated \$800,000 for AIDS education and information. This reflects programs which are specifically listed in the House draft, as well as an additional \$200,000 for district health educators to work with the Department of Education.
- (2) Section 3 of the bill appropriates \$490,000 for housing, statewide case management, outpatient care and drug abuse treatment. These programs are listed with specific amounts and include two grants-in-aids, in accordance with the House version of the bill.
- (3) Section 4 appropriates \$160,000 for administration and coordination of programs within the Department of Health. The Senate amount has been reduced from \$189,000 to \$160,000, reflecting only the funds requested in the Administration's supplemental budget.
- (4) Section 5 of the bill, which appropriated funds for coordination and policy development, has been deleted and the subsequent sections have been renumbered.
- (5) In the new section 5, paragraph (2) which mandated flexibility of funds relating to section 3 on case management, shelter, outpatient care and drug abuse treatment, has been deleted as has paragraph (4) which mandated flexibility for funds pursuant to the original Section 5.
- (6) In the new Section 6 the requirement that all State funds which can be replaced with Federal funds be returned to the state general fund has been deleted.
- (7) The new section 8 has been amended to delete reference to the selection of private organizations at a later date since the private organizations are specifically identified in Section 3 of the bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. NO. 2046, 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. 2046, H.D. 1, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. No. 174 on H.B. No. 2604

The purpose of this bill is to appropriate funds to be expended by the Department of Health for fiscal year 1988-1989 for the continuation of a community-based program for the chronically mentally ill.

Your Committee on Conference finds that the funds appropriated would be used to continue a program called "The Clubhouse" created pursuant to Act 340, Session Laws of Hawaii 1987, to afford severely mentally ill persons the maximum opportunity to reach their highest level of functioning in a work environment. This program is unique as a psychosocial and vocational rehabilitation program because of the community-based setting it offers which many of the chronically mentally ill find more comfortable than established community mental health centers.

Your Committee has amended this bill by specifying an appropriation of \$279,000 for fiscal year 1988-1989.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2604, 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. 2604, H.D. 2, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. No. 175 on H.B. No. 3548

The purpose of this bill is to authorize appropriations for the purpose of satisfying judgments against the State, settlements, refund of real property taxes, and miscellaneous claims as provided in section 37-77.

Your Committee has amended the bill to include an additional appropriation of \$100,000 for the payment of the following settlement which the Attorney General recently approved:

United States--Veteran's Administration	
Refund of overpayment of federal funds	
appropriated to the Predischarge	
Education Program	\$100,000

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3548, 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. 3548, H.D. 2, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. No. 176 on H.B. No. 2278

The purpose of this bill is to:

- (1) Transfer to the Department of the Attorney General the powers, functions, and duties relating to the Hawaii Criminal Justice Commission;
- (2) Repeal the research functions of the Commission, while restating other functions;
- (3) Extend the "sunset" date of the Commission from June 30, 1988 to June 30, 1994; and
- (4) Appropriate \$442,028 in operating expenses for the Commission for fiscal year 1988-1989, to be expended by the Department of the Attorney General.

Your Committee finds that the Commission is a significant component of Hawaii's criminal justice system and believes that this bill will enable the Commission to focus its efforts more effectively on needed programs relating to crime prevention, community education, and public awareness.

Your Committee has made a technical amendment to the bill by conforming the statutory effective date to conform with the bill's effective date.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2278, 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. 2278, H.D. 1, S.D. 2, C.D. 1.

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

Representatives Metcalf, Fukunaga, Hiraki, Hirono and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 177 on H.B. No. 3242

The purpose of this bill is to merge the basic needs allowance and the shelter allowance provided to public assistance recipients into a single assistance allowance. The bill also establishes the assistance allowance at sixty percent of the federal poverty level.

Upon further consideration, your Committee has amended the bill by providing for annual changes in the assistance allowance in accordance with changes in the federal poverty level.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3242, 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. 3242, H.D. 2, S.D. 2, C.D. 1.

Senators Yamasaki, B. Kobayashi, McMurdo, Mizuguchi and A. Kobayashi
Managers on the part of the Senate

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

Conf. Com. Rep. No. 178 on H.B. No. 2532

The purpose of this bill is to establish an Office of Veterans' Services within the State Department of Defense.

There are approximately 102,000 veterans in Hawaii who may be eligible for services and benefits provided by the State. These services and benefits are dispersed throughout five State departments. The overriding problem with existing statutes is the lack of focus and direction to address and resolve issues confronting veterans. Your Committee finds that this bill will coordinate and streamline the concerns of veterans through the establishment of a State Department of Defense.

After further consideration, your Committee has technically amended the bill by replacing "administration" with "operation" in subsection (c)(9) on page 6, line 13.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2532, 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. 2532, H.D. 2, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. No. 179 on H.B. No. 2054

The purpose of this bill is to appropriate funds for a parenting education demonstration project based on a Minnesota model to teach parenting techniques, to help parents and other caregivers cope with the stresses of child rearing, and to link parents with community resources.

Upon further consideration, your Committee has amended the bill by adding funding for a parent information telephone line and increasing the total amount appropriated to \$150,000. Amendments were also made to Section 1 of the bill to reflect the addition of the parent information telephone line.

In addition, technical, nonsubstantive amendments were made for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2054, 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. 2054, H.D. 1, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. No. 180 on S.B. No. 2584

The purposes of this bill are to designate the Bishop Museum as the State of Hawaii Museum of Natural and Cultural History and to provide for state funding to the Museum outside of the requirements of chapter 42, Hawaii Revised Statutes, the grants, subsidies, and purchases of service law.

Your Committee upon further consideration has made the following amendments to S.B. No. 2584, S.D. 1, H.D. 2:

- (1) Deleted Section 5 which made an appropriation to the Museum, because funding for the Museum is contained in the executive budget;
- (2) Changed the effective date of the bill to July 1, 1988; and
- (3) Made technical nonsubstantive changes for the purposes of style, including changing two commas to semicolons and placing "such" after "classics" in section 1, page 2, line 17.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2584, 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. 2584, S.D. 1, H.D. 2, C.D. 1.

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

Representatives Taniguchi, Souki, Honda, Shon and Ribellia
Managers on the part of the House

Representative Honda did not sign the report.

Conf. Com. Rep. No. 181 on H.B. No. 2151

The purpose of this bill is to establish a temporary revolving loan program to provide seed capital for small business development and growth on the island of Molokai.

With the cessation of commercial pineapple cultivation and the recent cattle depopulation, Molokai's economy is severely depressed and the island's unemployment is the highest in the State. The expansion of the small business community which includes artisans and cottage-type industries is viewed as having an important role in the revival of a healthy economy on

Molokai. Your Committee finds that government-sponsored small business loans are needed to start up these ventures. This bill will provide such loans to facilitate the growth of small business and economic revival of Molokai.

Your Committee has amended this bill:

- (1) To allow the loan program to consider existing as well as new businesses by deleting the word "new" in section 2 and by deleting the phrase "seed capital" and inserting the phrase "financing opportunities" in subsection 3(a);
- (2) To allow the loan rate to be set between four and ten percent inclusive depending on the nature of the loan;
- (3) By inserting a "drop dead" clause to end the program on June 30, 1993; and
- (4) By providing for an appropriation of \$250,000.

Your Committee has also made a technical, nonsubstantive change for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2151, 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. 2151, H.D. 2, S.D. 2, C.D. 1.

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

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

Representative Honda did not sign the report.

Conf. Com. Rep. No. 182 on S.B. No. 3188

The purpose of this bill, as received by your Committee, is to make several "housekeeping" amendments to chapter 201E, Hawaii Revised Statutes.

Act 337, Session Laws of Hawaii 1987, which created the state housing finance and development corporation, repealed certain provisions of chapters 356, 359, and 359G, Hawaii Revised Statutes, and consolidated and recodified those provisions into chapter 201E, Hawaii Revised Statutes. This bill seeks to correct erroneous references and clarify certain provisions of chapter 201E.

Specifically, the word "chapter" in section 201E-204 is replaced with the word "part". The creation and uses of the dwelling unit revolving fund, which were previously addressed in section 359G-10, Hawaii Revised Statutes, are now contained in section 201E-204. However, the new section still makes reference to the repealed "chapter" (chapter 359G, Hawaii Revised Statutes), rather than the new "part" (part III of chapter 201E).

This bill also revises section 201E-204 by deleting references to elderly persons. This section addresses the appropriate uses of the dwelling unit revolving fund, which include but are not limited to the construction of housing projects for the elderly and the related expansion of community services for the elderly. Deletion of references to the elderly will more accurately reflect the current scope of the housing finance and development corporation's housing development program, and will not exclude housing projects and community facilities for the elderly.

This measure also allows the housing finance and development corporation to develop economically integrated housing projects without necessarily having to enter into agreements with private developers. This authorization was previously provided under section 359G-10.5, Hawaii Revised Statutes, prior to being repealed by Act 337.

Your Committee amended section 2 of this bill to replace the \$1 appropriation with \$10 million, and has made the following technical, nonsubstantive changes:

- (1) Deleting a superfluous bracket and underscoring "(4)" on page 2, line 5; and
- (2) Deleting superfluous underscoring under "(a)" on page 4, line 16.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3188, 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. 3188, S.D. 1, H.D. 2, C.D. 1.

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

Representatives Shito, Souki, Hagino, Leong and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 183 on H.B. No. 2071

The purpose of this bill is to provide funds for the construction or rehabilitation of buildings for emergency shelters within each county for evictees and other homeless people.

Your Committee has amended the bill by:

- (1) changing the appropriation from \$1,000,000 to \$492,470 in fiscal year 1988-89;
- (2) deleting the counties and replaced with specific references to emergency shelters;
- (3) providing grants-in-aid to the specific references to emergency shelters for effectuating the purpose of this bill; and
- (4) the funds are to be used for plans and design for construction or rehabilitating emergency shelters.

Your Committee has made technical, non-substantive amendments for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2071, 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. 2071, H.D. 1, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. No. 184 on H.B. No. 2553

The purpose of this bill is to appropriate funds for fiscal year 1988-1989 to subsidize liability insurance premium payments for certain obstetricians and gynecologists designated by the insurance commissioner.

The bill appropriates \$100,000 but, upon further consideration your Committee has amended this bill to appropriate \$125,000 for this purpose.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2553, 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. 2553, H.D. 1, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. No. 185 on H.B. No. 3137

The purpose of this bill is to authorize the department of land and natural resources (DLNR) to negotiate long-term leases to qualifying permittees, who depend on farming state land for a livelihood.

This bill is consistent with objectives of the Hawaii state plan for continued growth and development of diversified agriculture throughout the State and provides for one of several stipulated uses for proceeds from the public land trust.

Certain permittees of agricultural lands have occupied state lands for long periods but do not have the assurance of continued occupation because their tenure is on a month-to-month basis. Your Committee finds that this situation places an unacceptable burden on such permittees because adequate financing is not available to permittees without long-term tenure. As a result, farmers are constrained by their uncertain tenure from developing the land to its fullest potential and using it more productively.

This bill would establish the criteria for DLNR to decide who is eligible for negotiation of long-term leases, the type of land eligible for lease negotiation and the conditions under which lands may be leased. This bill also provides for notification of eligible permittees and the conditions under which they may apply for a long-term lease.

In addition this bill appropriates \$500,000 for the department to implement this program and to hire the necessary personnel.

Your Committee has amended Section 2 of this bill by excluding from lease eligibility any person who owns 25 acres or more of agriculturally-zoned land, but reducing the other requirements of eligibility. In this way, your Conferees believe we can best accommodate the small farmers and homesteaders who have been without security for so long.

Your Committee has also made a non-substantive change in Section 3.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3137, 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. 3137, H.D. 2, S.D. 2, C.D. 1.

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

Representatives Levin, Fukunaga, Isbell, Lee and Pfeil
Managers on the part of the House

Conf. Com. Rep. No. 186 on S.B. No. 251

The purpose of this bill is to establish a state holiday on the third Monday in January, to be known as Dr. Martin Luther King, Jr. Day, and repeal the state holiday on the second Monday in October, which is currently celebrated as Discoverers' Day.

Your Committee upon further consideration, has amended S.B. No. 251, S.D. 1, H.D. 2 by:

- (1) Making technical corrections to Section 8-1, Hawaii Revised Statutes (HRS) for uniformity of terminology;
- (2) Adding a new section which recognizes Discoverers' Day, without making it a state holiday; and
- (3) Consolidating Section 8-5, HRS and Section 8-6, HRS, because both contain provisions relating to the King Kamehameha Celebration Commission.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 251, 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. 251, S.D. 1, H.D. 2, C.D. 1.

Senators Blair, Fernandes Salling, Young and Herkes
Managers on the part of the Senate

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

Conf. Com. Rep. No. 187 on H.B. No. 3173

The purpose of this bill is to amend Section 40-88 of the Hawaii Revised Statutes, to change the name of the Honolulu Symphony endowment fund to the State of Hawaii endowment fund and to establish certain restrictions upon and clarify appropriations for the fund.

Under Act 382, Session Laws of Hawaii 1987, this particular fund was established. An appropriation of \$500,000 for each of the fiscal years 1987-88 and 1988-89, to provide financial assistance to the symphony, is to be matched on a one-to-one basis by the symphony. Those funds not matched by June 30, 1989, are to revert back to the general fund.

Your Committee, upon consideration of H.B. No. 3173, H.D. 2, S.D. 2 has made the following amendments:

- 1) Provides that funds appropriated in fiscal year 1987-1988 will lapse in fiscal year 1988-1989;
- 2) Clarifies in Section 2 of the bill by inserting the name of the endowment fund;
- 3) Insert language to clarify that the 1987-1988 appropriation is to be released upon the enactment of this Act;
- 4) Inserts language to clarify that the 1988-1989 appropriation shall be available to the symphony on July 1, 1988; provided that those sums are matched on a one to one basis by the symphony through a special fund-raising effort;
- 5) Inserts language in the bill to clarify that the total amount of state funds appropriated shall not exceed \$1,000,000 and any funds not matched by the end of fiscal year 1989 will revert to the general fund.

Your Committee has also made technical, non- substantive amendments to the bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3173, 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. 3173, H.D. 2, S.D. 2, C.D. 1.

Senators Yamasaki, Tungpalan and Reed
Managers on the part of the Senate

Senator Tungpalan did not sign the report.

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

Conf. Com. Rep. No. 188 on S.B. No. 2422

The purpose of this bill was to provide that in addition to a fine, the owner and the driver of an illegally operated uninsured motor vehicle shall have their driver's licenses suspended for one year. However, lack of knowledge or proof of insurance would be considered good faith defenses.

Your Committee finds that driving without insurance is a serious offense and that the prospect of automatic license suspension, in addition to a stiff fine, should deter this behavior.

After further consideration your Committee has amended this bill by providing that in addition to the fine, the driver and the owner shall have their licenses suspended for six months or shall be required to maintain proof of financial security pursuant to Sections 287-21(2), (3), or (4), Hawaii Revised Statutes, and keep a nonrefundable no-fault insurance policy

in force for six months. Your Committee finds that this punishment is needed to protect Hawaii's citizens and should convince many drivers that it is better to be insured than to risk the consequences of driving illegally.

Your Committee has also made technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2422, 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. 2422, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Hirono, Metcalf, Hagino, Hayes and Jones
Managers on the part of the House

Representative Jones did not sign the report.

Conf. Com. Rep. No. 189 on H.B. No. 3535

The purpose of this bill is to provide the Department of Transportation (DOT) the statutory authority to develop and implement helicopter master plans for all State airports.

The bill creates a new subdivision in the Hawaii Revised Statutes (HRS) directing the DOT to develop and implement helicopter master plans for each airport under the State's control; establishes advisory committees, with representation from the helicopter industry and affected communities, to aid the DOT in its development and implementation of the master plans; establishes a licensing system for helicopter operations at all State airports to provide for fair and equal treatment to licensees and to ensure the public's health, safety and welfare; codifies the DOT's commitment to a moratorium on the issuance of new permits at Port Allen Airport (Burns Field) and ensure that current violations are stopped; and ensures that present laws governing aircraft operations in the State include helicopter operations.

Helicopter services at all of Hawaii's airports have increased rapidly, and it is imperative that the State establish policies and regulations in this area to ensure air safety.

Your Committee, upon consideration, has narrowed the focus of this bill by deleting the new subdivision directing the development and implementation of helicopter master plans for all state airports, and has instead elaborated on the moratorium on the issuance of new permits at Port Allen Airport (Burns Field).

Your Committee has amended the section relating to Port Allen Airport (Burns Field) by specifying that the Director suspend or revoke the overnight parking privileges for any helicopter company which does not have a permit allowing the company to park overnight at the Port Allen Airport (Burns Field); requiring the Director to revoke all permits and reissue them in conformance with the master plan; clarifying the sunset provision to repeal the Act on the last day of the sixth month after the completion of the 1988 update/revision of the Port Allen Airport (Burns Field) master plan; and renumbering the bill sections.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3535, 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. 3535, H.D. 1, S.D. 1, C.D. 1.

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

Representatives Oshiro, Metcalf, Bellinger, Yoshimura and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 190 on S.B. No. 2267

The purpose of this bill is to allow certain secretaries to top-level managerial and administrative personnel to be covered by public employee collective bargaining.

Currently, secretaries to top-level managerial and administrative personnel are excluded from coverage under collective bargaining. This bill repeals this exclusion except for those secretaries whose job duties involve confidential matters affecting employee-employer relations or policy making powers.

After due deliberation, your Committee finds that the phrase "or with policy making powers" on page 1, lines 11 and 12 established too broad a category of secretaries to continue to be excluded under this subsection and dilutes the original intent of this bill on which the Department of Personnel Services and the Hawaii Government Employees Association testified favorably. Your Committee has therefore amended this bill by deleting the above phrase, thereby continuing to exclude from collective bargaining only those secretaries concerned with confidential matters affecting employee-employer relations who work for top level administrative personnel.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2267, 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. 2267, S.D. 1, H.D. 1, C.D. 1.

Senators Nakasato, Mizuguchi and A. Kobayashi
Managers on the part of the Senate

Representatives Takamine, Horita, Ihara Jr., Yoshimura and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 191 on S.B. No. 2931

The purpose of this bill is to authorize a board of directors of an association of apartment owners or a managing agent of a condominium project to do a background check of prospective employees who would have access to keys to the apartments.

This bill would require an applicant to disclose information relating to unexpunged criminal convictions, if the applicant agrees to the background check, and the board or the managing agent may verify the criminal history information through the Hawaii Criminal Justice Data Center. In addition, the bill provides that failure to do a background check and verify it does not itself give rise to liability for the acts and omissions of the employee.

Your Committee finds that this bill would assist owners and residents of condominiums in hiring suitable employees.

Your Committee has amended this bill by clarifying that the persons who may be checked are those applying for employment as security guard, manager, or for a position which would allow access to apartments or association funds. The bill has been further amended to authorize the manager, rather than the managing agent, and the board to conduct the background check and to allow delegation of responsibility for conducting the check to another responsible person.

In addition to the foregoing amendments, your Committee has made minor language changes which do not affect the intent and purpose of the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2931, 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. 2931, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 192 on S.B. No. 986

The purpose of this bill, as received by your Committee, is to create a new chapter which establishes health insurance benefits for mental health, alcohol, and drug abuse treatment provided in licensed and accredited facilities.

The present provision of third-party coverage for the treatment of alcoholism, drug abuse, and mental illness is varied and inconsistent. Your Committee finds that these illnesses are diseases and should be treated as such, and that passage of this bill is consistent with legislative efforts to provide for the public health.

However, with some estimates of the cost of this bill ranging as high as \$21,000,000, your Committee is greatly concerned about the economic impact of such a bill, particularly as it may affect employers who must pay a major portion of the health care premiums.

Your Committee requested the Legislative Auditor to study the social and financial impact of this bill and report his findings to the 1988 legislative session. That report concluded that coverage for substance abuse was generally inadequate and varied from plan to plan for mental health. The report emphasized that this bill, as then drafted, did not contain adequate measures to ensure cost containment.

At an informational meeting to discuss the Legislative Auditor's report in February 1988, your Committee requested the Department of Health to convene a committee of health professionals, including Kaiser Permanente and HMSA, to work together to develop cost containment measures for this bill. The Department worked with providers, the Legislative Auditor, and insurers to develop a bill which would address these economic concerns, and submitted their proposed changes which greatly narrowed the scope of the benefits and provided for cost containment, which your Committee finds acceptable.

The revisions make only minor changes in the mental health coverage presently in effect by retaining the existing thirty days of mental health inpatient coverage but increasing the amount available for less costly outpatient coverage from \$500 to \$750 or seven to eight visits per year to twelve visits per year, with payment allowed for the first visit, which is a small but important change in priority. Substance abuse benefits have been included as part of the existing thirty days of mental health inpatient coverage. There is now a substitution on a two for one basis of less costly residential day treatment, and partial hospitalization for inpatient care. In addition, combined mental health and substance abuse benefits carry the requirement that care be medically and psychologically necessary and provided at the least costly level of care, which will serve as a major cost containment factor. Added requirements for accreditation by the Joint Commission on Accreditation of Health Care Organizations or the Commission on Accreditation of Rehabilitation Facilities will serve as quality assurance and cost containment mechanisms, as well.

The overall estimates of costs for this revised combined benefit have decreased considerably from the earlier high of \$21,000,000 to the Department of Health's estimate of \$8,492,000, which breaks down to \$4,936,000 or \$.68 per month per member for substance abuse and \$3,556,098 or \$.49 per month per member for mental health. HMSA estimates a cost of \$13,068,000, which includes \$4,968,000 or \$.63 per month per member for substance abuse and \$4,035,000 or \$.57 per month per member for mental health.

Another cost containment factor is a "drop dead" provision, which will repeal the legislation after five years. That, combined with the "inflation proof" construction of the bill with its limits by days and visits rather than dollars will serve to deter any efforts to increase benefit limits. The Department of Health has pledged not to support any changes in the proposed benefits until they have been evaluated at the end of the five year period.

Your Committee notes some comments expressed by the Department of Health and by HMSA regarding this bill. There is a concern that the consumer be protected at all times in this process, and this includes protection in the event that peer review determines that services provided were not medically or psychologically necessary or were not provided at the least costly level of care.

The Department commented that concern over inflationary erosion of benefits led to the compromise of the twelve visit outpatient cap and thirty day in-hospital cap with the costs to be contained through contract negotiations and UCR's by the insurers, and through good utilization review procedures.

There was considerable discussion by the Department of Health and its group members about allowing additional services for adolescents and for dual diagnoses (mental illness and substance abuse). However, in the absence of a solid local data base at this time, it was agreed to proceed with the benefit limitations as stated, with the understanding that treatment needs and services to these two populations need to be monitored through the evaluation process.

The Department of Health and its group also considered a separate benefit for substance abuse equal to or greater than the benefit for mental health. Mindful of the need to contain costs, the Department chose to support the proposed combined benefit, which offers substance abuse treatment where little or none was previously available. Through the evaluation process, however, the true need for a separate benefit structure can be determined more clearly.

The Department of Health emphasized the intent that these benefit limitations should not be used to deny the consumer medical care which is outside the scope of the alcohol and drug program's scope of services.

The issue of discrimination received considerable discussion by the Department of Health and its group. The Department is greatly concerned that assurances remain in the bill which would keep consumers of this type of care from having to pay proportionately more than consumers of comparable medical care.

Finally, HMSA raised concerns about the clarity of the definitions of residential, partial hospitalization and day treatment care, as well as some concern over vagueness of the specific services to be covered which "are required for licensure and accreditation." Your Committee finds that these details can be addressed adequately in the administrative rule making process.

Your Committee finds that this measure constitutes a cost contained, effective, responsible, and humane social policy.

Your Committee has amended the bill as follows:

- (1) Provided a new definition of alcohol and drug dependence outpatient services to narrow the scope of this service;
- (2) Added a requirement that a mental health outpatient facility shall be accredited by a national accrediting body as a quality assurance and cost containment measure;
- (3) Deleted "social and other" from services included in mental health outpatient services to narrow the scope of this service;
- (4) Added a definition of treatment episode for clarity in describing alcohol and drug dependence benefits;
- (5) Added an exemption for insurance policies which cover only one specific disease or other limited, specialized services at the request of insurers who offer cancer insurance policies;
- (6) Added a requirement that service be provided at the least costly appropriate level of care for cost containment purposes;
- (7) Deleted the requirement that the insurer's licensed physician or psychologist be certified pursuant to Chapter 321 because of lack of sufficient eligible physicians or psychologists;
- (8) Added statements of purpose to the peer review requirements to incorporate the use of review criteria and to allow for certain types of review as a cost containment measure;
- (9) Added a new section describing a combined mental health, alcohol, and drug dependence treatment benefit which retains the existing thirty days limit on in-hospital care but allows the benefit to be applied to alcohol or drug dependence as well as mental health treatment; increases the existing outpatient benefit from an average of seven visits to twelve visits, and allows the benefit to be applied to alcohol and drug dependence as well as mental health; and limits the number of treatment episodes of alcohol or drug dependence treatment to two episodes per lifetime, as cost containment measures;
- (10) Included detoxification services as part of the covered in-hospital services but excluded the services from the lifetime limitation so as not to deny a consumer needed medical care for a potentially life-threatening situation;
- (11) Deleted the requirement for an approved plan of additional treatment since insurers generally approve treatment programs, not treatment plans, and appropriateness of treatment will be covered through the review process;

- (12) Added a requirement that services covered under alcohol and drug dependence and mental health through in-hospital, nonhospital residential, partial hospitalization, or day treatment shall include those services required for national accreditation as a quality assurance and cost containment measure;
- (13) Added new material describing the covered benefit for alcohol or drug dependence outpatient services which requires a treatment plan reasonably expected to produce remission and limits services to those performed by a licensed physician or psychologist who is certified pursuant to Chapter 321, as a cost containment measure;
- (14) Changed the requirement that deductible or copayment plans be equivalent to those applied to comparable diseases to a requirement that they be proportionately no greater than those applied to comparable illnesses at comparable levels of care, as a consumer protection measure;
- (15) Added language to allow for the determination of benefit equivalences for health maintenance organizations, whose operations differ substantially from other providers of care;
- (16) Expanded the parties to be involved in rule making to include the Board of Medical Examiners and the Board of Psychology as well as interested parties including representatives of insurance carriers, public and private providers, consumers, and employers as a cost containment measure, as these groups will bear the major impact of this bill;
- (17) Added the requirement that rule making include criteria for Health Maintenance Organizations and an appeal process to ensure consumer rights;
- (18) Expanded the parties included in the evaluation process to be consistent with the rulemaking effort;
- (19) Modified the Department of Health's task in evaluation to be solely that of gathering specified information for the Legislature, in response to concerns by the insurers that the Department was not an objective third party for the necessary analysis;
- (20) Changed the report dates for information to be conveyed to the Legislature to allow for information to be transmitted eighteen months after implementation and again just prior to the repeal date;
- (21) Changed the implementation date to allow ample time for the rules to be finalized and for programs to apply for and receive accreditation through the national accrediting bodies, and to allow smoother and less costly administration by the insurers;
- (22) Added a repeal provision as a cost containment measure to allow time to provide an adequate data base upon which to conduct an evaluation of the impact of this bill; and
- (23) Made technical, nonsubstantive corrections and provided new language for clarification purposes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 986, 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. 986, S.D. 2, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 193 on H.C.R. No. 386

The purpose of this concurrent resolution, as received, is to authorize the Department of Transportation to lease and provide for the reclamation and development by a private developer certain fast, tidal, and submerged lands for commercial, recreational, educational, research and light industrial purposes.

This concurrent resolution has been proposed by the State Administration because the reclamation and development of approximately 300 plus acres of submerged and tidal lands in the central triangular section of Ke'ehi Lagoon (bordered by and including the former seaplane runways, lying between Honolulu International Airport and Sand Island), is necessary for the development of Ke'ehi Lagoon.

Your Committee has amended the concurrent resolution by:

- (1) Authorizing the Board of Land and Natural Resources, in addition to the previously specified Department of Transportation, to lease and to provide for the reclamation and development;
- (2) Amending the title of the concurrent resolution to reflect the inclusion of the Board of Land and Natural Resources in the authorization;
- (3) Specifying that of the acreage to be used for recreation, ocean-related recreation, parks, open space, ocean research and related activities, and educational activities including training for marine-related employment opportunities, at least five per cent shall be used for parks and open space; and

- (4) Providing that the legislative authorization and approval expressed in the measure shall be deemed withdrawn and shall not be valid, if by July 1, 1993 the State has not leased the submerged and tidal lands described.

Your Committee finds that the use of private sector resources in the development of recreational, commercial, educational, research and light industrial facilities at Ke'ehi Lagoon is a positive step in fostering public/private partnerships to house and provide necessary services and activities for public enrichment, enjoyment and use.

Your Committee on Conference is in accord with the intent and purpose of H.C.R. No. 386, H.D. 1, S.D. 1, as amended herein, and recommends that it be adopted in the form attached hereto as H.C.R. No. 386, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 194 on H.B. No. 2352

The purpose of this bill is to ensure that motor vehicle repair dealers who rebuild salvage vehicles are bonded in accordance with Section 437B-26, Hawaii Revised Statutes.

Current law designates that repair dealers involved in the rebuilding or restoration of salvaged vehicles, although required to be registered or certified, need not be bonded.

Your Committee has made a technical, nonsubstantive amendment for the purpose of form.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2352, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2352, S.D. 1, C.D. 1.

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

Representatives Oshiro, Metcalf, Bellinger, Yoshimura and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 195 on H.B. No. 225

The purpose of this bill is to appropriate \$675,000 for the development and operation of a state veterans cemetery on Oahu.

Your Committee finds that this bill adequately addresses the problem of creating a second veterans' cemetery to supplement the current site at Punchbowl, the only national military cemetery in Hawaii, which is rapidly approaching full capacity.

After further consideration your Committee has made the following amendments to the bill:

1. Replaced the application of this appropriation from the acquisition of property to the planning, design, development and construction of a state veterans cemetery on Oahu since lands have already been set aside for these purposes.
2. The Department of Defense replaces the Department of Land and Natural Resources as the expending agency, since by separate legislation, all functions relating to veterans will be discharged by the Office of Veterans which is administratively attached to the Department of Defense.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 225, 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. 225, H.D. 2, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. No. 196 on S.B. No. 2363

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist Energy Conversion Devices, Inc., or Chromar Corporation, or their subsidiaries to manufacture amorphous silicon alloy photovoltaic products or devices in the State of Hawaii.

Currently, photovoltaic generated electricity is cost-effective for remote power applications and consumer products, but not for utility scale applications. However, rapid advances in photovoltaic technology, especially amorphous silicon, promises to make utility scale photovoltaic generated electricity cost competitive with fossil fuel generated electricity by the early to mid-1990's.

Your Committee finds that the proposed manufacturing facilities will produce the most advanced multijunction amorphous silicon panels. Cost reductions achieved through more stable and efficient cells, a larger-scale production facility, and other technological advances will increase significantly the market potential of photovoltaic systems throughout the Pacific Basin. Hawaii has an opportunity to share in this potential and to generate new jobs and incomes.

Your Committee upon further consideration has made the following amendments to S.B. No. 2363, S.D. 2, H.D. 2:

- (1) The amount of the special purpose revenue bonds to be issued has been increased from \$2 to \$30,000,000.
- (2) In recognition of the limited amount of special purpose revenue bonds available, a new section has been added which requires the department of business and economic development, with assistance and collaboration from the Hawaii Natural Energy Institute, to recommend one of the two named corporations, Energy Conversion Devices, Inc., or Chromar Corporation, to the department of budget and finance to be assisted by the issuance of special purpose revenue bonds under this Act.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2363, 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. 2363, S.D. 2, H.D. 2, C.D. 1.

Senators Matsuura, Yamasaki and Herkes
Managers on the part of the Senate

Representatives Andrews, Souki, D. Ige, Kanoho and Pfeil
Managers on the part of the House

Conf. Com. Rep. No. 197 on H.B. No. 3150

The purpose of this bill is to provide flexibility to the Department of Health in the administration of the County/State Hospitals Division.

Specifically, the bill would do the following:

- (1) Authorize the Director of Health to provide perquisites for hiring in shortage categories in the County/State Hospitals Division, including monetary incentives, free travel, and moving expenses;
- (2) Establish a Hospital Administration Fund in the Department of Health to be used to defray the general administrative costs of the County/State Hospitals Division and to provide supplemental funds to those hospitals that do not have sufficient moneys in their special funds to cover required lawful operating expenditures;
- (3) Require quarterly assessments of five percent from each hospital special fund at the beginning of each quarterly allotment period for deposit in the Hospital Administration fund;
- (4) Provide for transfer of all moneys remaining in a hospital special fund, after payment of required lawful operating expenditures, into the Hospital Administration Fund, including special fund balances from prior years;
- (5) Prohibit general fund appropriations for operating expenses of the County/State Hospitals during any allotment period unless the Director of Finance finds that the moneys in the special funds are insufficient to meet required lawful operating expenditures; and
- (6) Require a report to the Legislature from the Director of Finance on the sufficiency of the special funds at the end of each allotment period.

Your Committee finds that the County/State Hospitals Division needs the kind of flexibility provided by this bill if it is to appropriately carry out its duties and responsibilities.

Your Committee has amended this bill by providing that the assessment from each special fund shall be two percent rather than ten percent. In addition the Hospital Administration Fund shall also be used to correct hospital deficiencies cited by agencies which monitor and evaluate county/state hospitals. In the event the balance in the Fund at the end of a fiscal year exceeds ten percent of expenditures of all public hospitals, the funds in excess of ten percent shall be transferred to the General Fund. The Director is also authorized to transfer funds from the Hospital Administration Fund to the General Fund at any time pursuant to Section 37-53, Hawaii Revised Statutes.

Your Committee has further amended this bill by requiring the Director of Health to report annually to the Legislature on all fund balances and ceiling increases in the various hospital funds, including transfers and expenditures made from the funds and the purposes of the expenditures.

Your Committee has also made several nonsubstantive technical changes for the purposes of clarity and style.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3150, 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. 3150, H.D. 1, S.D. 2, C.D. 1.

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

Representatives Shon, Souki, Hagino, Leong and Marumoto

Managers on the part of the House

Representative Marumoto did not sign the report.

Conf. Com. Rep. No. 198 on H.B. No. 3563

The purpose of this bill is to allow the Department of Business and Economic Development (DBED) to operate out-of-state offices as part of a strategic plan for the State's economic development.

The bill allows DBED to: (1) enter into and perform contracts, cooperative agreements, or other transactions; (2) establish bank accounts in out-of-state locations; (3) receive any property through gifts, grants, devises, or bequests; (4) sell, lease, rent, hold, maintain, use, and operate any property; and (5) hire necessary staff for its out-of-state offices. The bill also provides that the DBED may be excepted from certain state laws to allow flexibility in hiring its personnel and in handling moneys.

Your Committee finds that the bill will enable the State to have a business and marketing presence in overseas locations and strengthen the State's economy by allowing the DBED to develop programs to reach targeted out-of-state and foreign companies or industries. Further, your Committee believes that the bill gives the DBED the necessary flexibility in operating its out-of-state offices, and yet maintain sufficient legislative oversight in order to protect the public interest in the expenditure of state funds.

Your Committee has amended the bill by:

- (1) Limiting the extent of the information required in the annual report on the operation of the offices by inserting the word "major" in the sections covering out-of-state government policies and promotional work done by the department;
- (2) Amending the list of laws the department may be exempted from for the purpose of operating these offices to include all of chapters 103, 38, 76, and 77;
- (3) Amending the provisions relating to the hiring of personnel, exemption from state laws, and the creation of the special fund by removing them from the section amending the statutes and placing them in a section having session law status;
- (4) Allowing the department to hire personnel to administer the out-of-state offices not subject to chapters 76 and 77, provided that the initial appointment may not exceed three years, during which time the positions shall be submitted to the Legislature for approval;
- (5) Changing the effective date of the Act to upon approval;
- (6) Providing that the Legislative Auditor shall review the Department's use of the special powers granted by this Act and make recommendations regarding continuation of that authority to the 1990 Legislature;
- (7) Providing that gifts may be received by these offices. This applies to the Department itself; any gift to an employee will continue to be controlled by existing State laws applicable to all government employees.

Your Committee has also made technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3563, 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. 3563, H.D. 2, S.D. 2, C.D. 1.

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

Representatives Levin, Fukunaga, Lee, Tajiri and O'Kieffe
Managers on the part of the House

Representative Lee did not sign the report.

Conf. Com. Rep. No. 199 on H.B. No. 3102

The purpose of this bill is to amend Act 218, Session Laws of Hawaii 1987, to provide supplemental appropriations to the Office of Hawaiian Affairs (OHA) for fiscal year 1988-89.

Your Committee carefully examined the supplemental budget request submitted by OHA and made provisions for those program activities which would assist OHA in its efforts to implement the recommendations of the 1986 management audit. Of priority to your Committee was the need to delineate the authority and duties of the Board of Trustees and improve its effectiveness. Therefore, this bill provides funds to establish formal operating procedures for the Board, as recommended by the 1986 management audit.

In addition, your Committee strongly recommends that OHA increase its efforts to improve its working relationship with other public and private agencies, including the Department of Hawaiian Home Lands, Alu Like, the Department of Health, the University of Hawaii, and others. In addition to eliminating the duplication and overlapping of services, greater cooperation would foster increased and improved services for Hawaiians and native Hawaiians, notably in the

provision of pilot projects and new ventures. In this regard, your Committee has provided funds for OHA to work with other agencies to develop programs aimed at improving the health and welfare of Hawaiian and Native Hawaiian children.

Furthermore, in response to the current and projected growth in land acquisitions by OHA, your Committee has provided the resources necessary to meet the related increase in demand for administrative and legal services and to initiate the development of a land management plan which is both legally appropriate and culturally sensitive to Hawaiian values.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3102, 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. 3102, H.D. 1, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. No. 200 on S.B. No. 3095

The purpose of this bill is to authorize the issuance of special purpose revenue bonds in order to assist Hawaiian Sun Products, Inc., in constructing and equipping a plant for manufacturing products from fruits and nuts. The bonds will be issued pursuant to part III, of chapter 39A, Hawaii Revised Statutes; and has been determined to be in the public interest and furthers the attainment of the State's goals and policies regarding diversified enterprises.

Your Committee upon further consideration has made the following amendments to S.B. No. 3095, S.D. 1, H.D. 1:

- (1) Amended section 3, page 2, line 4, to authorize issuance of up to \$8,000,000 of special purpose revenue bonds;
- (2) Amended section 3, page 2, line 6, by adding the words "or its subsidiary" following the words "Hawaiian Sun Products, Inc., a Hawaii corporation,";
- (3) Amended section 3, page 2, line 7, to specify locating the manufacturing plant in the Hamakua District of the County of Hawaii; and
- (4) Made non-substantive language changes for clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3095, 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. 3095, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Honda, Souki, Andrews, Hashimoto and Pfeil
Managers on the part of the House

Representative Honda did not sign the report.

Conf. Com. Rep. No. 201 on S.B. No. 2024

The purpose of this bill is to establish the Hawaii ocean resources management program to assure the conservation and development of ocean resources affecting Hawaii. The bill also provides for a Hawaii ocean and marine resources council to advise and assist the governor and legislature on the use, development, and management of Hawaii's ocean resources, and the development of a Hawaii ocean resources management plan.

Your Committee has amended SECTION 1, page 1, paragraph (2), to read:

"Exploration, development, and production of ocean resources likely to result from both federal agency programs in federal waters of the outer continental shelf and initiatives of private companies within state waters will increase the chance of conflicting demands on ocean resources for food, energy, and minerals, as well as waste disposal and assimilation, and may jeopardize ocean resources and values of importance to this State;"

The amendment was made to emphasize the concern of the legislature of the potential for conflict between federal agency programs and values of importance to Hawaii.

A further amendment was made to SECTION 3, page 15, to appropriate \$150,000 to carry out the purposes of this bill.

Your Committee has also made the following technical, nonsubstantive amendments for the purpose of style:

- (1) Added "the" to section -2, page 5, line 1 before the word "planning";
- (2) Capitalized "State" in section -6, page 8, line 9, and section -12(b)(5), page 15, line 4;
- (3) Changed "State" in section -7(a), page 9, line 3, and section -12(a)(4), page 11, line 20 to "state";

- (4) Inserted a colon after "recommendations" in section -12(b)(1), page 12, line 6;
- (5) Deleted a comma after "exploration" in section -12(b)(1)(B)(iv), page 13, line 22; and
- (6) Added a comma after "exploration" in section -12(b)(1)(B)(v), page 14, line 2.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2024, 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. 2024, S.D. 1, H.D. 2, C.D. 1.

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

Representatives Bunda, Souki, Hashimoto, Tajiri and O'Kieffe
Managers on the part of the House

Conf. Com. Rep. No. 202 on S.B. No. 1450

The purpose of this bill is to expand the provision of personal care services based on a sliding fee scale to the non-medicaid eligible population that is not able to afford such services.

Your Committee finds that personal care services foster independence and self respect to this gap group and allow them to be contributing members of our community. In addition, it has been shown that providing personal care services to this population is a cost-effective alternative to institutional care.

Your Committee has amended this bill by:

- (1) Deleting the sentence: "Personal care services provided under this section shall be funded under the medical assistance program and state funded social services program, to be administered by the community long term care branch.";
- (2) Adding non-medicaid recipients to those individuals who would be able to receive personal care services, and adding a definition of "non-medicaid recipients";
- (3) Changing the appropriation from \$1 to \$450,000 and requiring that the sum appropriated be expended by the department of human services within funding limitations and considering individual circumstances and need; and
- (4) Providing that those funds may be distributed to reflect departmental priorities after the individual's personal circumstances and needs have been considered.

Your Committee notes that people who are eligible for personal care services may have up to four hundred per cent of current financial standards but may be required to share in the cost of the service on a sliding fee schedule.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1450, 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. 1450, S.D. 2, H.D. 2, C.D. 1.

Senators Yamasaki, B. Kobayashi, 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. 203 on H.B. No. 3570

The purposes of this bill are to: (1) provide a streamlined procedure for initiation of automatic income assignments based on support orders issued in another state; (2) provide that all support orders shall be accompanied by an income assignment order; (3) clarify the role of public attorneys in what has traditionally been a private matter; and (4) repeal obsolete provisions relating to court trustees.

This bill amends the existing child support law and utilizes income withholding to collect child support pursuant to local and foreign (i.e., out-of-state) support orders.

Upon further consideration, your Committee has amended this bill by clarifying in the bill that the Child Support Enforcement Agency will be primarily responsible for the processing and enforcement of foreign support requests. Language has also been added to specify that a certified copy of the support order is to accompany the out-of-state request. This is because before any Court action may be taken on the request, the foreign order must first be "filed" with the Court to insure that it will be enforced in the same manner as a support order issued by a court of this state. It is only after the order is "filed" and after sufficient notice given to the obligor, that an income withholding order may be issued.

Moreover, since the agency is to be the administrative body for support payments, the agency should be the one to issue notices to obligors and to receive statements of objection along with all other administrative matters pertaining to support. Your Committee has therefore replaced appropriate references to the "court" to refer to the "agency".

Your Committee has also amended this bill to correct certain typographic, technical, and stylistic errors.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3570, 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. 3570, H.D. 1, S.D. 1, C.D. 1.

Senators Hee, Chang, Holt, Tungpalan and George
Managers on the part of the Senate

Representatives Hagino, Metcalf, M. Ige, Ribellia and Tom
Managers on the part of the House

Representative Tom did not sign the report.

Conf. Com. Rep. No. 204 on S.B. No. 2955

The purpose of this bill is to provide for increases to the level of care payments made by the department of human services for persons residing in adult residential care homes.

Your Committee finds that adult residential care homes are an important component in assuring long-term care for the frail, elderly, handicapped, chronically mentally ill, and other adults whose condition might otherwise necessitate institutionalization. However, increases in the cost of providing home care are discouraging many existing adult residential care home operators. A growing number have either quit or are contemplating quitting to seek higher-paying, less-demanding pursuits.

Your Committee, upon further consideration, has amended the bill as received by:

- (1) Decreasing the appropriation from \$2,786,220 to \$1,575,120;
- (2) Deleting all references to the dispersal review council; and
- (3) Changing the effective date from the date of approval to July 1, 1988.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2955, 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. 2955, S.D. 2, H.D. 2, C.D. 1.

Senators Yamasaki, B. Kobayashi, McMurdo, Mizuguchi and A. Kobayashi
Managers on the part of the Senate

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

Conf. Com. Rep. No. 205 on S.B. No. 3197

The purpose of this bill is to increase the conveyance tax, to provide that conveyance tax moneys collected at the rate of 5 cents per \$100 of actual and full consideration be deposited into the general fund, and to provide that all conveyance tax moneys collected in excess of 5 cents per \$100 of actual and full consideration be deposited, with the approval of the director of finance, into the rental assistance revolving fund to assist qualified families in making rent payments.

Your Committee finds that Hawaii has one of the tightest rental markets in the nation, almost ninety-nine per cent occupancy, and that it appears to have an average rental rate that is at least forty per cent above the national average. Your Committee finds that the need for more affordable rental housing is evidenced by the following:

- (1) As of August, 1987, there were 7,825 applicants on the Hawaii housing authority's waiting lists for public housing. Additionally, during fiscal year 1987, there was an average of 3,195 applicants on the waiting list for Section 8 certificates.
- (2) Applicants, especially the elderly, often wait an average of three to five years before being placed in assisted housing.
- (3) Rental rates have substantially increased during the past five years while rental stock has decreased. For example, in March, 1983, advertised rents for partly furnished and unfurnished apartments and townhouses in the Kalihi, Makiki, McCully, Manoa, and Nuuanu areas averaged \$460 a month. By March, 1988, advertised rents increased nearly 40 per cent, to an average of \$643 a month; while rental stock decreased by 27 per cent. (Hawaii Realtor Journal, April 1, 1988)

The tight rental housing market can be attributed to a number of factors: the keys being (1) severe cutbacks in federal funding for public housing, (2) the cessation of the federal Section 8 New Construction program, which provided rental subsidies to encourage private sector production of affordable rental housing, and (3) the passage of the federal Tax Reform Act of 1986, which eliminated many of the incentives available to private investors desiring to develop or rehabilitate rental housing projects.

Your Committee finds that in response to mounting rental market pressures, the Governor's Comprehensive State Housing Plan calls for the production of some 6,000 rental housing units by the year 2000. Without deep federal subsidies, however, the State must be relied upon to fill the void. Therefore, in order to meet this goal of constructing an average of 500 rental units a year, the commitment of state resources is required.

The State Rental Assistance Program is one component of the newly created Rental Housing System which is designed to provide affordable rental units. Basically, appropriations to the rental assistance revolving fund are invested in a manner that preserves the principal sum and maximizes the rate of return on these moneys. Earnings from the investments are used to subsidize eligible families' rents on all or a portion of the units in a project.

By amending the bill to increase the conveyance tax to 10 cents per \$100 of actual and full consideration the State will gain about \$5 million. By increasing the conveyance tax, the present and future market for affordable housing will see little effect from the increase in the conveyance tax. For example, the tax on a \$150,000 residence will increase from \$75 to \$150. Your Committee finds this is a modest increase to pay towards affordable housing for those who need such housing. In order to ensure the necessary funds for housing, your Committee has earmarked all revenues from the conveyance tax to the rental assistance revolving fund or other fund established under chapter 201E.

Your Committee finds that the use of the conveyance tax to fund a rental assistance program is a public purpose and use of those moneys, and in fact requires those persons who can afford expensive real property to provide rental assistance to those persons who are unable to afford such housing. It is beneficial to the State and all the people of the State to provide adequate shelter and housing to those who cannot afford it. This is particularly true since expensive real property increases the rents charged to live in such property. Since rents are driven up by high real property costs, there is a direct relationship between the price of real property in this State and the high rental costs in this State. By increasing the tax and the tax paid on the sale of high-priced real property, the State will be able to fund the provision of rental assistance payments to assist those who cannot afford high rental costs.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3197, 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. 3197, S.D. 2, H.D. 2, C.D. 1

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

Representatives Shito, Souki, Fukunaga, Hagino and Cavasso
Managers on the part of the House

Representative Cavasso did not sign the report.

Conf. Com. Rep. No. 206 on S.B. No. 3182

The purpose of this bill is to establish a comprehensive permit system relating to geothermal and cable system development.

This bill was submitted by the administration upon the recommendation of the governor's advisory board on the underwater cable transmission project concerning new legislation relating to the development and use of geothermal energy.

One of the major and fundamental difficulties in the development of the geothermal resources on the island of Hawaii and the concurrent development of the cable system project that would move the generated electrical energy to the island of Oahu is the diverse array of federal, state, and county land use, planning, environmental, and other related laws and regulations. This bill seeks to facilitate that permit process and thereby make the development of one of Hawaii's most significant energy sources more attractive to private developers.

Your Committee upon further consideration has made the following amendments to S.B. No. 3182, S.D. 2, H.D. 2:

- (1) Recognition has been added of the possibility of the development of geothermal resources on the island of Maui.
- (2) To clarify the intent of this Act, the purpose and subsequent references have been changed from "comprehensive permit system" to "consolidated permit application and review process".
- (3) Clarification has been added regarding the timetable for regulatory review.
- (4) The role of the applicant's representative relative to the consolidated permit application and review team has been clarified.
- (5) The roles and responsibilities of the department, the interagency group, and the agencies affected by this Act have been clarified for the purposes of the project and the consolidated permit application and review process.
- (6) A provision has been added to provide that any decision made by an agency in a contested case proceeding involving a permit within the agency's jurisdiction may be appealed directly on the record to the Hawaii supreme court for final decision, similar to what currently exists under chapter 205, Hawaii Revised Statutes, for geothermal resource subzones.
- (7) The exclusivity of responsibility for functions transferred to the department has been deleted.
- (8) Shoreline setback approvals as set forth in part III of chapter 205A were deleted as a function to be transferred.
- (9) The provision for lapse of any unexpended or unencumbered portion of the appropriation into the general fund was deleted.

- (10) Provisions have been added to ensure that all procedures for public information and review under chapter 91, Hawaii Revised Statutes, shall be preserved, and that the jurisdiction or authority of any agency under existing law shall not be affected by the consolidated permit application and review process.
- (11) Other minor nonsubstantive amendments have been made for purposes of style and clarity and to correct a reference.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3182, 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. 3182, S.D. 2, H.D. 2, C.D. 1.

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

Representatives Andrews, Fukunaga, Honda, Kanoho and O'Kieffe
Managers on the part of the House

Representative Honda did not sign the report.

Conf. Com. Rep. No. 207 on S.B. No. 2462

The purpose of this bill is to establish a Hawaii wild and scenic river system, and to add to the list of those agencies with whom the Commission on Water Resource Management is required to consult after giving notice of its intention to set an instream flow standard.

The bill requires the Commission to identify rivers or streams which may appropriately be placed within a wild and scenic rivers system, to be preserved and protected and part of the public trust, and to report its findings to the Legislature, including a list of qualified rivers or streams.

The bill also adds the aquatic biologist of the Department of Land and Natural Resources, the Natural Area Reserves System Commission, and the University of Hawaii Cooperative Fishery Unit to the listing of persons and agencies with whom the Commission is required to consult when investigating a stream prior to setting instream flow standards.

Your Committee believes that this bill will help to restore aesthetic, recreational, and ecological values of the State's rivers and streams. However, your Committee realizes that it is not the intent of the Legislature that the identification of the rivers and streams should jeopardize existing county plans for consumptive uses of water.

Your Committee has amended the bill as follows:

- (1) Added the words "or a portion of a river or stream" on page 1, line 15, and on page 2, line 2. This would allow part of a river or stream to be identified and placed within a wild and scenic rivers system.
- (2) Required the Commission to report to the Legislature twenty days prior to the convening of each regular legislative session.
- (3) Deleted the requirement for a list of streams in specified areas to be included in the report to the Legislature.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2462, 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. 2462, S.D. 1, H.D. 1, C.D. 1.

Senators Aki, Fernandes Salling, Solomon and A. Kobayashi
Managers on the part of the Senate

Representatives Levin, Andrews, Isbell, Tajiri and O'Kieffe
Managers on the part of the House

Conf. Com. Rep. No. 208 on S.B. No. 3190

The purpose of this bill is to empower the Housing Finance and Development Corporation (HFDC) with the right, but not the obligation, to repurchase or rent a dwelling unit which is subject to HFDC's buy back restrictions for the purpose of repairing substantial construction defects.

This bill proposes to grant HFDC the ability to repurchase a home, based on the repurchase formula as set forth in Section 201E-221(a)(1). The bill provides that when HFDC purchases a home against a homeowner's will, relocation assistance shall be provided in accordance with Chapter 111, Hawaii Revised Statutes (HRS). The bill also requires HFDC to give preference in all other projects of HFDC to all owners whose units are repurchased pursuant to this measure. Additionally, certain eligibility requirements for these owners may be waived by HFDC, and HFDC shall, after repairs are completed, offer the first right of refusal to the previous owners.

As an alternative, if HFDC does not opt to repurchase a dwelling unit which has a substantial defect, HFDC is provided with the right to enter into a contract to repair that dwelling unit. If the owner is required to vacate the premises so that repairs can be performed, HFDC shall pay rent to the homeowner for an amount not to exceed the homeowner's present mortgage payments during the period in which the unit is being repaired.

This measure also provides HFDC with ninety days in which to decide its course of action, prior to a homeowner being allowed to file suit against HFDC. If HFDC does not execute either a contract to repurchase the dwelling unit or an agreement to repair and rent the unit within ninety days after written notice is given to HFDC of a substantial construction defect, the homeowner may pursue any available legal remedy.

Currently, if substantial repairs are needed and the warranty has expired, the affected homeowners and HFDC attempt to get the responsible parties to make the repairs. However, if the developer, contractor or other responsible party refuses to cooperate, the affected homeowner must file a lawsuit or claim against HFDC which must then proceed through legal channels to have the necessary repairs done. The affected homeowners are therefore required to incur certain legal costs before HFDC can take necessary legal action against the responsible developer, contractor, or other parties. In many cases, the affected homeowner must not only retain an attorney, but also construction experts such as an architect, a civil engineer, a soils engineer, a structural engineer, etc.

During this lengthy process, the home remains unrepaired and the affected homeowners are faced with the predicament of living in the unsafe or unhealthy home, or relocating at their own expense.

Your Committee is in support of this measure, as it will provide fair and equitable alternatives to litigation, which are intended to benefit both the State and affected homeowners. This measure is not intended to preclude a homeowner from suing the State if that homeowner so desires.

Your Committee, upon further consideration and discussion, has made the following amendments to this bill:

- (1) Instead of substantive amendments being made to Section 201E-221, HRS, a new section is to be added to Chapter 201E, entitled: "Corporation's right to repurchase or rent unit; authority to seek recovery."
- (2) It has been further clarified that the provisions in this section will only apply when dwelling units developed, constructed, financed, purchased, or sold pursuant to Act 105, Session Laws of Hawaii 1970 (SLH 1970) as amended, are found to have a substantial construction defect. Further, "substantial construction defect" has been defined and includes (but is not necessarily limited to): structural defects such as shifting foundations and bearing walls; structural deficiencies due to the use of defective or undersized materials; and defects affecting the health and safety of occupants.
- (3) HFDC is provided with the authority to take necessary legal action against the developer, co-developer, general contractor, and their subcontractors, consultants and other parties notwithstanding any statute of limitations if moneys are expended for substantial repairs.

Your Committee believes that this will address the concern that HFDC will expend substantial amounts of money for repairs, but may be unable to seek recovery from the responsible parties.

- (4) HFDC is provided with the right, but not the obligation, to file a legal action on behalf of the owner or lessee of the dwelling unit for the recovery of damages or for injunctive relief against the developer, co-developer, general contractor, and their subcontractors, consultants and other parties notwithstanding any statute of limitations problems, if dwelling units were developed, constructed, financed, purchased, or sold pursuant to Act 105, SLH 1970, as amended.
- (5) It has been clarified that the bill shall have retroactive, as well as prospective effect and shall apply to all dwelling units developed, constructed, financed, purchased, or sold pursuant to Act 105, SLH 1970, as amended. This amendment makes it clear that HFDC is authorized to seek remedy for substantial construction defects on dwelling units developed, constructed, financed, purchased, or sold by the Hawaii Housing Authority, pursuant to Chapters 359A or 359G, HRS.
- (6) A severability clause has been added to the proposed new section.
- (7) Other amendments have been made to further clarify HFDC's powers under this measure.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3190, 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. 3190, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Shito, Hayes, Kawakami, Tam and Ribellia
Managers on the part of the House

Conf. Com. Rep. No. 209 on H.B. No. 2348

The purpose of this bill is to allow an applicant for licensure to the Board of Psychology an alternate method to satisfy the requirements for licensing. The bill provides that notwithstanding the requirements of Section 465-7(2), H.R.S., an applicant will satisfy the conditions of that section if the applicant obtained a doctoral degree from a program which the applicant began prior to 1985 and the applicant's application was filed with the Board by December 31, 1987 and the degree was conferred by a training program approved by the state of California.

Your Committee, upon further consideration, has made an amendment to this bill to broaden the state approval provision to include all states and not just California. Your Committee wishes to make it clear that the program must be

approved by the state in which the program is conducted and that the program must have been approved at the time the degree was awarded.

Your Committee has also made a technical non-substantive amendment 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. 2348, 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. 2348, H.D. 1, S.D. 1, C.D. 1.

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

Senator Tungpalan did not sign the report.

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

Conf. Com. Rep. No. 210 on H.B. No. 2345

The purpose of this bill is to regulate the rooming house business to prohibit those practices which are unfair, deceptive, or contrary to public policy.

The bill empowers the department of Human Services to enforce the prohibitions and to defer violations to other appropriate state and county agencies.

The bill provides that the letting of space to the number of three or more unrelated persons is part of the definitions of "lodging or tenement house", "group home", "group residence", "group living arrangement", or "rooming house".

The bill also provides for the right of senior citizens and frail elderly to keep personal pets if the project receives government aid and clarifies that any person injured by a violation of any part of this bill has a private right of action and may bring a civil action to recover three times the person's actual damages or \$1,000 for each violation, whichever is greater.

Additionally the bill empowers the State to enjoin rooming house businesses from continued operation if they violate these provisions.

Your Committee, upon further consideration, has made amendments to this bill:

- 1) Non-profit agencies which have government contracts will be exempt from the provisions of this bill.
- 2) The provisions with respect to the right of senior citizens and frail elderly to have pets, has been deleted.

In respect to the removal of the pet provisions your Committee recognizes that the Senate, while generally strongly in favor of availability of pets for senior citizens and frail elderly, for their therapeutic value, had four strongly contravening reasons for agreeing to delete this provision. The first is that additional information was received about the Section 8 exemption; the second is that many, if not most, elderly which might be affected are already covered by federal provisions on the subject; the third is that there is an overriding social benefit to this bill which should not be jeopardized; and the fourth is that, not withstanding the request of the Department of Human Services for funding, it is clear that passage of this bill will be of significant assistance in dealing with this problem.

Your Committee strongly feels that, despite any concerns as to the adequacy of funding for the enforcement of this bill, the bill will provide the Attorney General with a valuable tool and, further, the provision of a private right of action plus treble damages and attorney's fees will cause the legal community and the affected persons themselves to actively assist in the bill's enforcement.

Your Committee considered and decided against providing a time period for the length of any injunction under this bill, believing that the courts were better positioned to fashion the length of any injunction based upon the facts of each individual case.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2345, 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 2345, H.D. 2, S.D. 1, C.D. 1.

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

Representatives Hirono, Arakaki, Bellinger, Shon and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 211 on H.B. No. 479

The purpose of this bill is to amend the landlord-tenant code to require that termination of tenancy notices be in writing. The bill also makes it a misdemeanor for a person to enter or remain unlawfully in a transitional housing project, even if invited by a tenant, if requested to leave by the project authorities or the police.

The bill further:

(1) Excludes from the scope of Chapter 521, Hawaii Revised Statutes, occupancy in project for temporary or transitional housing for homeless persons operated by a non-profit corporation which has filed its rules and regulations with the Department of Commerce and Consumer Affairs;

(2) Adds new definitions of "homeless person", "temporary housing for the homeless", "transitional housing for the homeless", and "non-profit corporations" to section 521-8;

(3) Requires that landlords provide their general excise tax number to all tenants for the purpose of filing for a low-income tax credit.

Your Committee, upon further consideration, has amended this bill in the following respects.

(1) Section 521-7(9) has been amended to provide that the rules and regulations governing tenancy at a temporary or transitional housing project for the homeless shall be reasonable and that a copy thereof shall be furnished each tenant. It has been further amended to provide that such projects shall be included within the landlord-tenant code for the purpose of defining trespass as it relates to such projects.

(2) Section 5 of the bill has been amended to delete any reference to the penal code and to substitute therefor a section to fall within the landlord-tenant code relating to trespass. The section has been further amended to make clear that a warning or request to leave a temporary or transitional housing project for the homeless shall only be issued if the person so notified has engaged in unlawful conduct or has violated the house rules and regulations, a copy of which are on file with the director of commerce and consumers affairs and a copy of which have been provided to each tenant. The amendment of this section provides standards for the issuance of a warning or request relating to trespass and protects against the arbitrary or capricious exercise of the power to issue such notices by the project authorities or a police officer.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 479, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 479, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 212 on S.B. No. 2336

The purpose of this bill is to expand the scope of Section 347-13, Hawaii Revised Statutes (HRS), which prohibits discrimination against blind, partially blind, and physically handicapped persons with regard to access to public accommodations and transportation services.

Under Chapter 347, Hawaii Revised Statutes, the blind, visually impaired, and other physically disabled persons are entitled to full and equal accommodations, advantages, facilities, and privileges of all common carriers, public conveyances, and other places where the general public is invited. This bill amends Section 347-14, HRS, which provides for penalties for violation of Section 347-13, HRS, to clarify that businesses and agencies are included within the scope of Section 347-13, HRS, and are subject to the penalties for violations. The bill also deletes imprisonment as a possible penalty for discriminatory practices.

Your Committee finds that it is important to discourage discrimination against the physically handicapped and therefore, has amended the bill to add a new section which:

(1) Enables a person injured by a violation of Section 347-13 to have a private right of action against the person who has violated the section;

(2) Permits the injured person to recover three times the person's actual damages or \$1,000, whichever sum is greater, for each violation;

(3) Entitles the person bringing the action to recover the person's costs and reasonable attorney's fees; and

(4) Establishes jurisdiction within the Circuit Court and venue in the district in which the violation is alleged to have occurred.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2336, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2336, H.D. 1, C.D. 1.

Senators McMurdo, Menor and Herkes
Managers on the part of the Senate

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

Conf. Com. Rep. No. 213 on H.B. No. 1499

The purpose of this bill is to exempt positions that are allocated to the governor by the general appropriations act from coverage under the civil service law.

The bill's intent is to enable the governor to recruit and hire individuals for special and unique projects and events which require highly trained and skilled individuals with specialized education and experience.

The bill as received in conference proposed an amendment to subsection 76-16(5), Hawaii Revised Statutes, by exempting positions which the governor is authorized to establish and place in program areas as allocated to the governor by the general appropriations act.

Despite the bill's intent to give the governor's office a measure of flexibility in recruiting and hiring of individuals, your committee has made an amendment to the bill which places a reasonable limitation on the governor's recruiting and hiring authority outside of the civil service system. Instead of amending subsection 76-16(5), your committee has amended subsection 76-16(16), and has further added language to prohibit replacement of any civil service position with any of the governor's authorized positions.

Your Committee believes that the addition to the amendment to subsection 76-16(16) which is expressly intended to protect civil service positions, whether or not the positions are covered under collective bargaining or are excluded from collective bargaining, and the presence of exclusive representatives of appropriate bargaining units in matters which may affect them will serve to constrain any conversions of civil service positions to exempt status, without following established procedures to fill those positions.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1499, 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. 1499, H.B. 2, S.D. 1, C.D. 1.

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

Representatives Takamine, Fukunaga, Hirono, Ihara Jr. and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 214 on S.B. No. 3146

The purpose of this bill was to establish provisions relating to the right of first refusal for purchase of the fee interest in land under condominiums and cooperative housing corporations.

As received, this bill would require that when the fee interest in land under condominiums or cooperative housing projects is to be sold, the seller shall first notify the board of directors of the association which shall then notify each owner. An exception would be provided in cases where the land under the condominium or cooperative housing corporation is part of a larger tract and the lessor will not agree to sell in parts.

Your Committee finds that it is appropriate for apartment owners to have first chance to purchase the land under their projects, but changes are necessary to ensure that the process takes into account all factors contributing to such a transaction. Therefore, your Committee has amended this bill as follows:

- (1) Provided definitions for "condominium unit lessee," "condominium project," "cooperative project," and "cooperative unit lessee," and clarified the definition of "lessor";
- (2) Deleted the definition of "owner";
- (3) Provided that the board of directors shall be given notice by registered mail of the full terms of any offer to sell to anyone other than the association of owners;
- (4) Provided that the right of first refusal includes the right to purchase the seller's interest in any improvements other than the leasehold interest in any unit which is held by the seller;
- (5) Provided that no offer shall be made to another prospective purchaser until a right of first refusal has been offered and rejected in writing. An offer would be deemed rejected if not accepted in writing by the board within one hundred twenty days of receipt or if the sale has not closed upon purchase of one hundred percent of the interest being sold within one hundred eighty days. In the event that closing is delayed by the seller, the deadline would be extended for a period equal to the delay;
- (6) Granted the association or cooperative housing corporation the power to purchase the leased fee interest if at least seventy-five percent of the owners approve. The association or corporation would be able to purchase or acquire the leased fee interest, incur liabilities, assess the unit lessees for expenses incurred in acquiring the leased fee interest, and sell the leased fee interest appurtenant to a condominium to any condominium lessee or subsequent purchaser of the unit. No lessee would be compelled to participate in the purchase of the lease fee interest but instead would be able to pay lease rent to the association;
- (7) Provided that if a sale is voided the association or corporation would have the right to buy the interest which had been conveyed by virtue of the sale, subject to time restrictions; and
- (8) Provided that the bill shall not affect any sale to an association of owners or cooperative housing corporation as to which a binding contract existed prior to such effective date.

Your Committee also made technical changes which have no substantive effect.

Your Committee finds that this bill, as amended, represents a balanced and well thought out consideration of the rights and privileges which should inure to lessees and owners alike in such lease to fee conversion transactions.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3146, 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. 3146, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 215 on S.B. No. 3378

The purpose of this bill is to clarify the requirement that insurers must offer coverage for underinsured motor vehicles in basic no-fault policies.

Under this bill, underinsured motorist coverage would be treated in the same manner that uninsured motorist coverage is presently treated, i.e. as a means of protection, through voluntary insurance, for persons who are injured by motorists whose liability policies are inadequate to pay for personal injuries.

This bill would include the new underinsured motorist coverage provisions in Section 431:10C-301 rather than Section 431:10-213 of Act 347, Session Laws of Hawaii 1987, which was previously Section 431-448, Hawaii Revised Statutes. Thus, the provisions relating to uninsured and underinsured motorist coverage would be together. Judicial decisions on stacking of benefits are not affected by this bill, and it is your Committee's intent to leave the issue of stacking to judicial determination.

Your Committee has amended this bill by clarifying that written rejection of coverage against underinsured motor vehicles shall be applied in the same manner as is presently utilized for uninsured motor vehicles, provided that both such offers shall be conspicuously displayed so as to be readily noticeable by the insured and clearly identified with the premium offer, easily subtracted from the total premium due, and provision is made for written rejection of the coverages adjacent to or directly below the offer.

Your Committee has also amended this 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. 3378, 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. 3378, S.D. 1, H.D. 1, C.D. 1.

Senators Cobb, Nakasato and Ikeda
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. 216 on H.B. No. 2220

The purpose of this bill is to clarify the law regarding motor vehicle registration of out-of-state and out-of-country vehicles.

Under existing law, only nonresidents are allowed to apply for registration of vehicles registered in other states and countries. This bill proposes to clarify registration procedures concerning these vehicles by repealing Section 286-54, Hawaii Revised Statutes.

Upon further consideration, your Committee has amended this bill by retaining Section 286-54, Hawaii Revised Statutes. Your Committee has further amended this bill by amending the title of Section 286-54, Hawaii Revised Statutes, to "Out-of-state vehicle permit". This bill has been further amended by your Committee to allow an owner of a motor vehicle registered in another state or country the opportunity to apply to register the vehicle in this state.

Your Committee has further amended this bill by making a technical, nonsubstantive amendment for the purpose of clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2220, 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. 2220, H.D. 1, S.D. 1, C.D. 1.

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

Representatives Bellinger, Metcalf, Crozier, Yoshimura and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 217 on H.B. No. 2231

The purpose of this bill is to: 1) give the Counties the authority to permit the parking of motor vehicles on sidewalks in certain geographical areas or on certain highways; and 2) allow the Counties to set conditions and time periods under which motor vehicles would be allowed to park on the sidewalks.

There are many older neighborhoods in the State which were established before present zoning laws went into effect. The streets in these neighborhoods are often narrow, without clearly defined sidewalk areas. The Hawaii Revised Statutes presently defines sidewalks as that portion of a street between the curb lines or the lateral lines of a roadway and the adjacent property lines, intended for the use of pedestrians. Thus, the unimproved shoulder of a roadway would fall under the definition of a sidewalk. Residents of many neighborhoods presently park their vehicles along the unimproved sides of the streets and are often cited by the police for parking on the sidewalks.

Your Committee finds that present statutes which prohibit parking on sidewalk areas do not take into account those areas with unimproved shoulder areas that are not clearly defined.

Your Committee upon further consideration has made the following amendments to H.B. No. 2231, H.D. 1, S.D. 1:

- 1) To allow the Department of Transportation to retain jurisdiction over parking on sidewalks of state highways while giving the counties the authority to regulate by ordinance the parking on sidewalks of county highways.
- 2) To delete language which specified that if any ordinance regarding parking on sidewalks is contrary to any state law, prohibition, or regulation, the state law, prohibition, or regulation shall prevail.
- 3) To amend Section 291C-148, Hawaii Revised Statutes, to specify that this section shall not prohibit the director of transportation or a county from authorizing parking on sidewalks.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2231, 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. 2231, H.D. 1, S.D. 1, C.D. 1.

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

Representatives Oshiro, Crozier, Metcalf, Ihara Jr. and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 218 on S.B. No. 2680

The purpose of this bill is to authorize the counties to establish shared-ride taxicab service.

Presently traffic congestion is a critical problem facing the State. There have been numerous proposals made regarding different methods of alleviating traffic congestion. One strategy that has been suggested entails promoting ridesharing among taxicab passengers.

This bill authorizes the counties to regulate taxicab rates including metered and non-metered rates; authorizes the counties to regulate shared taxicab activities by ordinance; and includes non-metered taxicabs in the exemptions of Section 271-5, Hawaii Revised Statutes (HRS).

Your Committee, upon consideration, has amended the bill by:

- 1) Including another declaration paragraph in Section 46-16.5, HRS, expressing the State's policy to further promote privately-operated public passenger vehicle service, by including the picking-up and discharge of passengers from various unrelated locations by taxicabs;
- 2) Clarifying that the counties may, as long as not under the jurisdiction of the Public Utilities Commission, regulate public passenger vehicle service operated within their jurisdiction of the county, provided they promote the policies set forth in subsection (a) of Section 46-16.5, HRS;
- 3) Deleting proposed new language on page 3, lines 21 and 22 which specifically authorizes the counties to regulate metered and non-metered taxicab rates;
- 4) Making clarifying language changes in proposed new subparagraph (B) on page 5, line 19 through page 6, lines 1-7 relating to exemption from the Motor Carrier Law for shared-ride taxicab services; and
- 5) Making technical changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2680, 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. 2680, S.D. 1, H.D. 1, C.D. 1.

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

Representatives Oshiro, Bellinger, Crozier, Kotani and Marumoto
Managers on the part of the House

Representative Marumoto did not sign the report.

Conf. Com. Rep. No. 219 on S.B. No. 3073

The purpose of this bill is to provide the Department of Transportation (DOT) the means to pursue the development of an interisland or intrainland water ferry transportation system.

The majority of commuters on Oahu travel by automobile, resulting in heavy traffic congestion along the island's major traffic corridors during morning and afternoon peak travel periods. Limits on monetary and natural resources severely restrict the construction of more roadways. A water ferry system connecting Ewa and East Honolulu with the central business district in downtown Honolulu has been found to be a viable alternative to relieving traffic congestion.

This bill establishes a new section in Chapter 268, Hawaii Revised Statutes (HRS), allowing the DOT to enter into a contract, lease, or other agreement with any person to provide for a privately operated ferry or ferry system under such terms and conditions as the DOT deems appropriate.

The bill also amends Section 248-9, HRS, to allow the use of moneys in the state highway fund as a means of having the State share in the cost of operating a privately operated ferry system.

Your Committee, upon consideration, has amended the bill by:

- 1) Clarifying that no contract, lease or other agreement pertaining to the operation of a water ferry system be made except under contract let after public advertisement for sealed tenders, subject to the provisions under Chapter 103, HRS;
- 2) Deleting SECTION 3 which pertains to the shared costs of operating the privately operated water ferry system; and
- 3) Numbering the remaining sections of the bill accordingly and making a technical change which has no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3073, 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. 3073, S.D. 1, H.D. 1, C.D. 1.

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

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

Representative Marumoto did not sign the report.

Conf. Com. Rep. No. 220 on S.B. No. 3195

The purpose of this bill is to establish a \$120 million "homes revolving fund" for the purpose of developing and implementing affordable housing development programs.

The homes revolving fund will be administered by the housing finance and development corporation, and will be used principally for the development of large tracts of land. Moneys will be used to finance at least one major development on each of the four major islands of Hawaii, Maui, Oahu, and Kauai, and will be used for the construction of off-site and on-site infrastructure, as well as for the development and construction of housing.

Your Committee believes that establishment of this fund is a positive step toward relieving the statewide shortage of affordable housing units.

Upon further consideration of this measure, your Committee has amended this bill as follows:

- (1) Under section 201E- (b), the governor, in addition to the director of finance, is required to approve the advancing of \$120,000,000 (or so much thereof) to the homes revolving fund from moneys available in the general fund. Also, such advance has been made discretionary by changing the word "shall" to "may" in reference to making the advance.
- (2) Reporting requirements have been placed on the housing finance and development corporation to provide for greater accountability to the legislature with regard to the homes revolving fund.
- (3) The appropriation section authorizes expenditure of only revenue bond and other evidences of indebtedness.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3195, 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. 3195, S.D. 2, H.D. 2, C.D. 1.

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

Representatives Shito, Souki, Kawakami, Tam and Ribellia
Managers on the part of the House

Conf. Com. Rep. No. 221 on S.B. No. 3248

The purpose of this bill is to establish regulation of bottled water in Hawaii.

The bill establishes product quality provisions and requires all bottled water to be from an approved source and to not contain any constituent in quantities that may be injurious to health. The bill also provides for maximum contaminant levels; manufacturing and operating requirements including filtering, processing, and packaging; requires bottled water processors and dealers to develop procedures for product recall; establishes source water monitoring provisions; specifies chemicals to be monitored; provides requirements for water sampling; establishes finished product monitoring provisions and labeling requirements; and provides administrative penalties and injunctive relief.

Your Committee finds that bottled water should be regulated for the public health and safety and that this bill is appropriate for this purpose.

Your Committee has amended this bill by clarifying that agencies other than the Department of Health which have jurisdiction are contemplated as the regulating entities by this measure. Your Committee has also clarified on page 3, line 7 that to be considered fluoridated, water must contain not less than 0.5 and not more than 1.0 milligrams of fluoride ion per liter.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3248, 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. 3248, S.D. 2, H.D. 1, C.D. 1.

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

Representatives Andrews, Metcalf, Hiraki, Tajiri and Pfeil
Managers on the part of the House

Representatives Metcalf and Hiraki did not sign the report.

Conf. Com. Rep. No. 222 on H.B. No. 3308

The purpose of this bill was to allow the Real Estate Commission to revoke any license for failure on the part of the licensee to ascertain and disclose all material facts concerning every property for which the licensee accepts the agency.

The bill would also repeal the portion on Section 467-31, Hawaii Revised Statutes, which requires licensees to notify prospective buyers, lessees, and tenants that property proposed to be bought or leased lies within the boundaries of an Air Installation Compatibility Use Zone.

Your Committee agrees that material facts should be ascertained and disclosed by the listing broker in a real estate transaction. Your Committee is aware that the present rules and regulations of the Real Estate Commission create a duty to ascertain and disclose "pertinent" facts on the part of the listing broker. Your Committee believes the term "material facts" is a more commonly used term which will result in less confusion as to its meaning, however, your Committee does not intend to imply anything as to the meaning of either term by this bill.

This bill provides that the fact that a person has AIDS, AIDS Related Complex, or has been tested for HIV infection shall not be considered a material fact. However, your Committee expects that if a broker or salesman is in possession of such information and is asked the direct question, the broker's or salesman's response will be truthful and honest.

This bill would also allow pets in residential premises unless at least 75 percent of the owners in a horizontal property regime, cooperative housing project, limited-equity housing cooperative, or community housing association voted no, with the added stipulation that any owner who kept a pet in the premises prior to the effective date of the bill would be allowed to keep the animal, regardless of restrictions stated in the bill.

This bill also provides for the privacy of condominium owners and tenants but allows entry for emergency situations or with the consent of the occupant. The definition of "emergency situations" has been strengthened by specifying that they are situations which must be addressed and corrected immediately because the safety of the building or its inhabitants is in jeopardy, and includes situations such as fire, electrical malfunctions, hurricane damage, flooding from higher apartments, balcony structural design defects.

The bill further provides that at least one member of the Real Estate Commission shall be an apartment owner as defined in Section 514A-3 who maintains a principal residence in a residential condominium apartment and allows any member of an association of apartment owners to offer opinions to the board of directors if authorized or requested by any board member.

The bill amends the law regarding proxies by (A) requiring proxies to be delivered to the board of directors of the association rather than the secretary; (B) providing that proxies may be given to the board as an entity and voted according to the desires of the board members after consultation with all board members; (C) requiring directors to post election notices listing members whose term are expiring and requesting any owner-candidate for the position to mail a statement declaring such candidacy and qualifications therefor; (D) requiring the board to include with the proxies the names of all candidates accompanied by their statements; and (E) prohibiting board members (who use managing agent

funds to solicit proxies) from casting any proxy for the election or reelection of board members at any meeting unless the proxy form specifically authorizes the member to vote for the election or reelection of directors, and the board first posts notice of its intent to solicit proxies. Your Committee has further added that whenever proxies are solicited only for the president or other board member using association funds, the proxy statement shall contain a disclosure of such fact, and if the proxies are solicited for the president or other officer, the statement shall contain the following statement in capital letters: "THIS PROXY, WHICH IS SOLICITED ONLY FOR THE PRESIDENT OR OTHER OFFICER OF THE BOARD OF DIRECTORS, ENTITLES THAT PERSON TO VOTE YOUR PROXY WITHOUT CONSULTING THE OTHER MEMBERS OF THE BOARD".

The bill finally provides that minutes of board meetings and the association's financial statements shall be mailed at no cost to any owner upon the owner's request.

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

- (1) Your Committee has decided to preserve the present provisions of the law with respect to disclosure of the AICUZ status of the property.
- (2) Your Committee has clarified the AIDS provision by using the term "occupant" rather than "person".
- (3) Your Committee has deleted the pet provisions of this bill.
- (4) Your Committee has changed the "privacy" or "entry" provisions of this bill to provide that the bylaws shall reflect the current statutory provisions on this subject. Your Committee is aware that some by laws and house rules on this subject are presently at significant variance from the law and believes this situation should be corrected to preserve the rights of individual apartment owners and clarify the rights of the association. Your Committee expects these provisions to be applied on a reasonable basis and in good faith.
- (5) Your Committee has deleted the requirement for a condominium resident on the Commission. Your Committee would instead encourage the Governor to appoint a condominium resident to the Commission.
- (6) Your Committee has provided that association members would be presumed to be allowed to speak at meetings of the board unless the majority of the board present decides otherwise.
- (7) Your Committee has provided that, instead of the current provisions on the bill with respect to proxies, officers of the board shall not use association funds to solicit proxies.
- (8) Your Committee has decided that association members should bear the cost of minutes and records provided to them at their request.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3308, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3308, S.D. 1, C.D. 1.

Senators Cobb, Aki, Nakasato, George, Ikeda
Managers on the part of the Senate

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

Conf. Com. Rep. No. 223 on H.B. No. 2035

The purpose of this bill is to permit a captive insurance company to sell credit life insurance and credit disability insurance only with respect to loans or other credit transactions between its parent or affiliated companies and their directors, officers, and employees.

Your Committee, upon further consideration, has amended this bill to incorporate all of the provisions of S.B. No. 2783, S.D. 1, H.D. 2, except as modified to reflect the current senate draft 2 of H.B. No. 2035 with respect to credit life and credit disability insurance.

The bill will now clarify ambiguities which have come to light since Chapter 431 J, Hawaii Revised Statutes has been in effect. The bill would set the premium tax for pure captive insurance companies at .25 percent and the premium tax for association captive insurance companies and risk retention captive insurance companies at 1 percent. The tax will be paid only on premiums received from all risks or property located within the State and upon risks and property situated elsewhere upon which no premium tax is otherwise paid, less return premiums and less reinsurance accepted. Return premiums are not intended to include dividends paid or credited to policy holders and tax on reinsurance business is payable by the direct writing insurer.

The provisions on authority as set forth in this bill will prohibit any risk retention captive insurance company from insuring any risks other than those of the insurers that comprise the risk retention group.

The bill also requires the Insurance Commissioner to establish a list of advisors to assist with the review of captive applications and set their fees. In addition the bill will require all types of captive insurance companies to file yearly financial statements pursuant to generally accepted accounting principles and group and association captives to file annual statements in accordance with statutory accounting principles.

The bill also restricts the investments of association captive insurance companies to those allowed under sections 431-281 to 431-302 and 431:6-101 to 431:6-501. Pure captives would be allowed to make investments not specified in the insurance code with the approval of the Commissioner. The bill clarifies that the Commissioner need not approve prior to each investment by a pure captive insurance company.

The bill provides that risks ceded by any other insurer may be reinsured by any captive insurance company.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2035, 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 2035, H.D. 1, S.D. 2, C.D. 1.

Senators Yamasaki, Blair, Cobb and Ikeda
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. 224 on H.B. No. 2068

The purpose of this bill is to express the State's commitment to biofuels research and development by appropriating matching funds to support a methanol-from-biomass pilot plant feasibility study and cost-sharing funds to begin plans and construction of a methanol-from-biomass pilot research plant.

Your Committee recognizes the desirability to continue the study of potential energy sources in Hawaii, particularly transportation fuels. It is becoming increasingly apparent from research here and elsewhere that methanol has the potential to become a major transportation fuel.

Your Committee finds that the attainment of energy independence through the development of indigenous sources of transportation fuel must be addressed immediately. Your Committee has therefore amended this bill to provide an appropriation of \$2,000,000 for the plans and construction of a methanol-from-biomass research pilot plant.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2068, 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. 2068, H.D. 1, S.D. 2, C.D. 1.

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

Representatives Andrews, Fukunaga, Isbell, Kanoho and O'Kieffe
Managers on the part of the House

Conf. Com. Rep. No. 225 on S.B. No. 2979

The purpose of this bill is to:

- (1) Require the family court to provide nonsecure shelter facilities for juveniles under the court's jurisdiction who are status offenders or law violators exhibiting a low degree of involvement in illegal and antisocial activities and appropriate funds to establish these nonsecure shelters;
- (2) Appropriate funds to expand emergency shelter for abused or neglected children;
- (3) Require the family courts to provide for juvenile intake and diagnostic services on a twenty-four hour basis and to appropriate funds therefor; and
- (4) Appropriate funds for demonstration rehabilitation programs as alternatives to detention for juvenile offenders.

Your Committee finds that this bill will expand the range of alternatives to the State for the placement of juveniles under its jurisdiction. The bill will enable the family court to separate juvenile law violators who are significantly involved in illegal activities from status offenders and those only marginally involved in illegal activities. The bill also will expand emergency shelter to accommodate the increasing numbers of abused or neglected children.

Upon further consideration, your Committee has amended the bill as follows:

- (1) Added a findings and purpose section as a new Section 1;
- (2) Deleted the requirement in Section 2 that the court provide intake and diagnostic services on a twenty-four basis and added the language "The court or other designated agency" for purposes of consistency with other amendments;
- (3) Added the following language to Section 2 at page 3, line 21: "or temporary shelter in a nonsecure shelter";
- (4) Changed the amount appropriated for diagnostic services to \$43,288 and deleted the reference to "juvenile intake";

- (5) Added the following language to Section 9 at page 10, line 11: "who are also status offenders or minor law violators.";
- (6) Deleted the appropriation for demonstration rehabilitation programs as alternatives to incarceration for juvenile offenders;
- (7) Renumbered the Section numbers as necessary for purposes of consistency;
- (8) Made technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2979, 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. 2979, S.D. 2, H.D. 2, C.D. 1.

Senators Yamasaki, Menor and Herkes
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. 226 on S.B. No. 2298

The purpose of this bill is to appropriate \$10,000,000 to implement the Hawaii Workers' Compensation State Fund pursuant to Chapter 386A.

The Hawaii Workers' Compensation State Fund was created in 1985 as part of a package of major amendments to improve and strengthen Hawaii's workers' compensation laws. The primary purpose of the fund is to sell workers' compensation insurance at the lowest actuarially responsible price. The fund is also designed to serve as a model for the workers' compensation insurance industry to determine minimum insurance premium rates, and to be competitive with other private workers' compensation insurance carriers.

The fund will become operational upon receipt of a special appropriation, which this bill is intended to provide.

Section 386A-1 has been amended to rename the fund from the "Hawaii Workers' Compensation State Fund" to State Compensation Insurance Fund. This modification is intended to establish the fund as an entity, separate and apart from direct State control.

Several other amendments are designed to avoid an interpretation that the State could somehow become a responsible party in the operation of the fund; these include amendments to Section 386A-2 to state that the fund shall not be an agency of the State; to redesignate the fund as a "nonprofit independent public corporation"; to delete the phrase "legislative appropriations"; to further redefine the fund's assets to include only those properties and monies acquired and earned from premium income and investments; and to state unequivocally that neither the fund's money nor property is money or property of the State.

An amendment to Section 386A-4 provides that the fund policy holders be entitled to elect two of the five directors after the fund has fully repaid the loan made to it. Your Committee notes that under Section 386A-2(e), a person who has a conflict of interest may not serve as a member of the board of directors. The selection and composition of the board is deemed adequate to satisfy Chapter 431 requirements to have the fund qualify as an insurer.

Section 386A-4(g) was further amended to add the word "independent" before "certified public accountant".

Section 386A-12 was amended to provide that the fund is to receive a special appropriation to start up the fund, but no other appropriation from the State.

A new section to Chapter 386A also provides that private independent insurance agents may sell workers' compensation insurance coverage for the fund in accordance with the rules established by the fund and in accordance with Chapter 431, Hawaii Revised Statutes.

Your Committee notes that under Chapter 431 any insurer must comply with minimum financial requirements to obtain a certificate of authority. A comprehensive examination of the financial status of an insurer is also conducted by the insurance commissioner under Chapter 431. The fund is subject to these requirements to insure that an adequate financial plan will be developed prior to full implementation of its program.

Upon implementation of the fund, it is your Committee's expressed wish that the fund shall submit annual status reports to the Legislature, not later than twenty days before the convening of the Legislature in regular session; the first such report to be submitted to the Regular Session of the Legislature next following the implementation of the fund.

Your Committee also notes that the fund is to be organized as a nonprofit independent corporation and operate under the same conditions as all other nonprofit corporations, except with regard to the selection and composition of the board. In this connection, the board's explicit responsibility is to set broad policy directions of the fund which are to be implemented by an administrator with executive authority to carry on the organization's day-to-day operations.

To implement the objectives of the fund in accordance with the insurance code, the appropriation shall be deemed a surplus for statutory accounting purposes.

The interest rate to be charged on the 10 year loan repayment was clarified to permit the computation of the interest rate which should be a reduced rate in view of the public service character of the fund.

It is your Committee's belief that the original intent of the creation of the Hawaii workers' compensation state fund (now to be called State Compensation Insurance Fund), which was to maintain a viable source of low cost workers' compensation insurance, to serve as a means of determining the minimum cost of providing workers' compensation insurance in Hawaii, and to provide a competitive market for workers' compensation insurance, is still significant and worthy of continued pursuit. Your Committee believes that these expressed purposes of Chapter 386A and the protection and regulation implicit in the Hawaii Insurance Code do not intend the establishment of an unregulated monopolistic operation that would be selling workers' compensation insurance policies without competition.

With the substantive and technical amendments made to this bill, your committee believes that the fund will be able to operate under ideal competitive conditions and serve to satisfy the legislature's original intent, without endangering the insurance industry and entangling the State in a private enterprise.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2298, 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. 2298, S.D. 1, H.D. 2, C.D. 1.

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

Representatives Takamine, Souki, Horita, D. Ige and Isbell
Managers on the part of the House

Representative D. Ige did not sign the report.

Conf. Com. Rep. No. 227 on H.B. No. 3009

The purpose of this bill is to:

- (1) Require that the chief of police of each county consult with the department of education on identifying the need for Junior Police Organizations;
- (2) Authorize the State to procure liability insurance for the program, though not make its existence dependent on procurement;
- (3) Raise the amounts of benefits allowable for injuries or death; and
- (4) Appropriate grants-in-aid to the counties to hire traffic monitors to supervise junior police officer programs.

Your Committee upon further consideration has amended this bill by providing that the Department of Education shall have the authority to organize junior police organizations in schools but that each county police department, not the educational officers of the participating public schools, has the responsibility of supervising and training the junior police officers in the respective county.

Your Committee also amended the bill to specify the grant-in-aid appropriation to each county for the purpose of training junior police officers and hiring traffic monitors to supervise the junior police officer programs.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3009, 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. 3009, H.D. 1, S.D. 2, C.D. 1.

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

Representatives Metcalf, Souki, Kawakami, Leong and Marumoto
Managers on the part of the House

Conf. Com. Rep. No. 228 on H.B. No. 2031

The purpose of this bill is to create additional duties for the Office of State Planning in connection with the State's international activities.

Specifically, this bill requires the Office of State Planning to develop a strategic plan to coordinate the State's international activities, and to establish a focal point for trade and exchange programs, protocol services, and briefings for state and foreign officials.

Your Committee has amended this bill by substantially revising its substance and requiring the Office of State Planning to conduct a two-part study focusing on improvements to Hawaii's participation in international relations and commerce, to be presented to the 1989 Legislature. The first part of the study will formulate specific recommendations to coordinate international activities of the State in an effort to establish a focal point in the state government for international activities. The second part of the study is will formulate a strategic plan for the expansion of international business activity in the State.

For purposes of the study, the Office of State Planning would be assisted by a twelve member advisory council on international relations. In addition, a conference will be held to review and discuss the draft of the strategic plan and other topics. As the study is due before the next legislative session, it is envisioned that the conference would be held around late November.

Finally, your Committee has appropriated \$75,000 to fund the study and the conferences, and to ensure the provision of protocol services to representatives of foreign nations, including the development of a program to assist the representatives of our state government in dignitaries. \$25,000 is intended to secure the full-time assistance of the administration person for international activities, whose time is currently divided between this and other work.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2031, 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. 2031, H.D. 2, S.D. 2, C.D. 1.

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

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

Representative Lee did not sign the report.

Conf. Com. Rep. No. 229 on S.B. No. 2860

The purpose of this bill is to provide the State Environmental Council (Council) with the authority to issue declaratory rulings.

Recently, the Council's authority to issue declaratory rulings has been questioned. As a result the Council has refused to act on petitions for declaratory rulings submitted by interested persons. Your Committee finds that there is a need to include specific language in Chapter 343, Hawaii Revised Statutes (HRS), to affirm the Council's authority, especially since the Office of Environmental Quality Control is solely responsible for the oversight of that chapter.

This bill would clearly allow the Council to issue, on petition or its own motion, a declaratory ruling or an advisory opinion as to the applicability of any statutory provision of Chapter 343, HRS, or any rule or order adopted by the Council in matters pursuant to the chapter.

This bill also performs a housekeeping function by removing Section 343-6(a)(9) from the HRS, since it is already included in Section 343-6(a)(3).

Upon consideration, your Committee has amended this bill by deleting the proposed amendments which would have repealed Section 343-4(b), HRS. Your Committee further amended this bill by making non-substantive technical changes to conform with proper drafting style.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2860, 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. 2860, S.D. 1, H.D. 1, C.D. 1.

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

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

Representative Honda did not sign the report.

Conf. Com. Rep. No. 230 on H.B. No. 2027

The purpose of this bill is to establish an Office of Space Industry in the Department of Business and Economic Development (DBED).

Upon further consideration, your Committee has made the following amendments to H.B. No. 2027, H.D. 1, S.D. 2:

- (1) Page 2, line 12, was amended by removing reference to Chapter 89.
- (2) Pages 4 and 5 has been amended by deleting Sections 3 and 4, and Section 5 has been renumbered accordingly.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2027, 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. 2027, H.D. 1, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. No. 231 on S.B. No. 2882

The purpose of this bill is to appropriate funds for the Legislative Auditor to conduct a feasibility study on Hawaii's waste streams.

This study would include an assessment of 1) the availability of state, national, and foreign markets for recycled materials; 2) other states' recycling programs; 3) the economic viability of a recycling program in Hawaii; and 4) possible ways to encourage service stations to participate in collection programs.

Your Committee finds that solid waste management and recycling have serious health and economic ramifications on the State. There are only a few, limited areas in the State where landfills can be safely sited to prevent any adverse impact on the environment and our drinking water supply. Thus, county landfills have become less acceptable and more difficult to site.

A related problem is the liability that service stations risk when they voluntarily accept used oil from consumers. If a station unknowingly accepts used oil that is mixed with hazardous waste, it could cost the station up to \$10,000 to legally dispose of the contaminated oil. As a result, most service stations are reluctant to accept used oil.

Your Committee finds that this bill is in the best interest of the health, safety and welfare of this state by addressing these and other concerns involving solid waste.

It is the intent of the Legislature that the study consider the City and County of Honolulu's commitment to H-POWER and that the study not detract from the viability of H-POWER.

Your Committee notes that an article in the December 1987 issue of Governing illustrates that recycling and incineration are not mutually exclusive.

Your Committee upon consideration has amended the bill by appropriating the sum of \$50,000 to conduct this study, and by changing the effective date from "upon approval" to "July 1, 1988".

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2882, 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. 2882, S.D. 2, H.D. 2, C.D. 1.

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

Representatives Andrews, Souki, Say, Tajiri and O'Kieffe
Managers on the part of the House

Representative Say did not sign the report.

Conf. Com. Rep. No. 232 on S.B. No. 3233

The purpose of this bill is to add new definitions for the terms "average number of full-time employees", "full time employees", and "establishment" to Section 209E-2, Hawaii Revised Statutes (HRS), relating to enterprise zones.

Your Committee finds that the definitions should be added to prevent businesses from circumventing the intent of Chapter 209E, HRS, by restructuring themselves only for the purpose of qualifying as a business in the enterprise zone which is exempt from the payment of general excise taxes. However, the bill as received raised some questions of the possible manipulation of definitions by businesses that want to qualify for the tax exemption. For example, your Committee discussed the possibility that a business could increase the number of employees, decrease each employee's hours of work, and still meet the qualifications.

In order to prevent the possible manipulation, your Committee has amended the bill as follows:

- (1) Amended the definition of "full-time employees" to mean those working twenty hours a week or more each pay period, except that for qualifying years ending before January 1, 1990, "full-time employees" shall mean employees working no less than forty hours a week each pay period; and
- (2) Amended the definition of "establishment" to mean a single physical location where business is conducted or where services are performed, and clarified that a business firm may include one or more establishments, any number of which may be in the enterprise zone.

Your Committee deleted the amendment to Section 209E-11, HRS, and instead added a new section to require that the total number of hours worked by all full-time and part-time employees in the qualifying calendar year shall be at least ten percent greater than the total number of hours worked in the base calendar year. Your Committee also deleted reference to bracketed material in Section 3 of the bill, since no statutory material will be repealed.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3233, 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. 3233, S.D. 2, H.D. 1, C.D. 1.

Senators Chang, Aki and A. Kobayashi

Managers on the part of the Senate

Representatives Takamine, Levin, Ihara Jr., Yoshimura and Marumoto
Managers on the part of the House

Representative Yoshimura did not sign the report.

Conf. Com. Rep. No. 233 on H.B. No. 2081

The purpose of this bill is to amend Act 216, Session Laws of Hawaii 1987, which appropriates funds for the 1987-89 fiscal biennium.

FINANCIAL AND BUDGETARY OVERVIEW

Forecasts of the State's fiscal 1988 outlook project an increase in general fund tax revenues of 4.6 percent over the prior fiscal year and another 6.9 percent in fiscal 1989. Furthermore, an additional \$95.6 million of liquor tax payments has been transferred to the general fund as a result of the settlement of lawsuits. Combined with the reported general fund carry over balance of \$243.5 million from the end of fiscal 1987, a general fund balance of \$401.2 million is projected by the end of the 1988 fiscal year.

This projected surplus has resulted in deluge of new funding requests. If the surplus materializes as projected--and there is a reasonable prospect that it could even be somewhat larger than previously estimated--it will be the largest surplus in the history of Hawaii. This favorable financial circumstance, viewed within the context of the far-reaching needs of our State, means that several key public investments and important program initiatives can be undertaken.

Hawaii is at the doorway of what many predict will be the era of the Pacific. However, in order to capture and benefit from an important role in the era of the Pacific, the State must be able to deal from a position of financial health and must also have the resources to propose and capitalize on new opportunities.

Consequently, your Committee has approached its spending decisions determined that the surplus should not be squandered irresponsibly to satisfy only the shortsighted demands of the moment but to ensure prosperity in the coming years.

With this in mind, your Committee has emphasized investment decisions over purely spending decisions, and has concentrated on three areas which constitute the socio-economic infrastructure of our State: economic development, education, and human services. In these and other areas, priority has been given to the following elements: bold initiatives which offer the potential of pace-setting accomplishments; approaches which are coordinated and planned; measures to increase government efficiency and accountability; and actions which reflect our commitment to the deeply-held values of our people and ensure the quality of life which will shape Hawaii during the coming decade.

This bill incorporates, for the most part, the projects and programs recommended by the Governor, with emphasis on economic development, education, and human resources, as well as initiatives gathered from your Committee and the subject matter committees. Collectively, the supplemental budget and the other programs provided for in separate appropriation measures represent your Committee's efforts to provide the State with the foundation and stimulus to move with confidence into the next crucial decade.

ECONOMIC DEVELOPMENT

In recognition of the external forces affecting Hawaii's future as we continue into the Pacific Era, your Committee strongly supports new and continuing initiatives to improve the standard of living of all Hawaii's people through the development of a viable, competitive, and stable economy. Through economic diversification, expansion of existing businesses, and attraction of new businesses, the State will lead in the development of business enterprises that meet the State's economic and quality-of-life goals.

Tourism. Last session, the Legislature provided the Department of Business and Economic Development with the resources to take a stronger leadership role in the tourism program by strengthening the State Tourism Office. Your Committee has reviewed the recently developed strategic marketing plan and provided \$4.3 million in supplemental funding for the market of the visitor industry. Additionally, your Committee has added \$1.3 million to promote Hawaii at the Fukuoka Exposition and \$500,000 for the promotion of Hawaiian culture and the arts.

Business Promotion. Your Committee has taken bold steps to foster and facilitate economic development in promising areas such as telecommunications, space, high technology, and international business.

The Governor has declared 1988 to be the "Year of Telecommunications in Hawaii". This presents an excellent theme to expand Hawaii's economy through the development of an information industry. Your Committee has therefore provided the resources necessary to effectively market Hawaii as a location for telecommunications-oriented business activities.

Evaluation of the potential for the development of a space industry in Hawaii has revealed that Hawaii is well positioned to pursue both launch and non-launch space-related activities. Your Committee supports the expansion of space-related work in the State and has provided \$1.5 million for environmental impact studies and related groundwork, bringing Hawaii closer to realizing its potential in the space industry.

Your Committee has also provided the funds necessary to establish an Innovation Center in Manoa and a Research and Technology Center on Maui. Additional funding has been provided to the Kaimuki Technology Enterprise Center to meet

the need for increased space by new businesses. These facilities will encourage the development and growth of high technology businesses.

TRANSPORTATION FACILITIES AND SERVICES

This bill provides for the continued development of the State's airport facilities to accommodate the increasing volume of visitor arrivals, as well as for the accelerated upgrading of Hawaii's harbors. Resources have been provided to: increase the level of security at the airports to comply with recent amendments to federal aviation regulations; promote Hawaii's harbors; replace vehicles; and purchase new equipment, including a new computer system. Funds have also been provided for a demonstration project to estimate the effect on downtown Honolulu traffic of employees working at home through a telework center; for mass transit studies for the islands of Hawaii, Maui, and Kauai; and for Phase II of the intra-island ferry system study. Your Committee has also provided for the improvement and expansion of airfields, terminals, and other support facilities; the improvement and expansion of harbor facilities; and the upgrade and expansion of highways throughout the State.

ENVIRONMENTAL PROTECTION

Funds have been provided for the continued development of regulations for the disposal and recycling of used oil, and a workload increase in the issuance of air permits. Authorization was given for federal assistance in the development and implementation of an air toxic program. Funds have also been provided for a computerized system to aid in pesticide registration and licensing; monitoring of pesticide residues in soils near storage and mixing sites; a baseline study of Hanalei River estuary and other north shore rivers on Kauai; soil and water conservation projects at Kahakuloa Road on Maui; eradication of marijuana plants on State lands; a study to determine the feasibility of a hazardous waste storage and treatment facility; and an environmental education program.

HEALTH

County/State Hospitals Division. Your Committee continues to be concerned with the lack of managerial and financial efficiency at the County/State Hospitals Division. Although the majority of the individual hospitals are not able to generate sufficient revenues to cover their expenditures, as a division, an estimated surplus of approximately \$10.5 million will be realized at the end of fiscal year 1988. Consequently, your Committee has developed a plan to phase out the general fund appropriations from the County/State Hospitals Division over a ten year period, at a 10% of base-year 1988 reduction per annum. This action will not hinder the operations of the hospitals, but rather, is designed to initiate self-sufficiency by the County/State Hospitals Division.

Emergency Medical Services. Continued growth in the State's resident population and number of tourists visiting the islands has created the need for improved and increased ambulance services. There are few programs where time is more critical than for the emergency medical services program; however, timely response has been difficult in some rural areas of the State. To alleviate this shortcoming, an appropriation of \$1.1 million will enable emergency stations to be established in Hawaii Kai and Ewa, expansion of the limited emergency service in Waialua to 24-hour service, and the provision of backup service to supplement the existing service in Lahaina.

Deinstitutionalization of Mentally Ill and Developmentally Disabled Patients. Your Committee continues to be concerned with the deinstitutionalization of mentally ill and developmentally disabled patients. Funds have been provided to treat and rehabilitate these patients enabling them to be placed back into the community to function and interact with other citizens.

Public Protection from Exposure to Harmful Contaminants and Radioactive Emissions. The quality of the food and water consumed in our daily lives is critical to ensure the health and public safety of the citizens of our community. To this end, your Committee has provided for an increase in the number of staff to collect, monitor, and regulate unhealthy, harmful contaminants and pollutants in the public drinking water supply, commercial food products, and the processing of milk. Increased monitoring will aid in reducing the spread of disease and illness from the consumption of these items. Additional staffing is also being provided to monitor and regulate radiation emission from x-ray machines in medical and dental offices.

Laboratory complex. A modern and efficient health laboratory has long been one of the Department of Health's most pressing needs. Funds were previously appropriated for the preliminary planning of a new laboratory complex, and your Committee is now following through with funds for design in the amount of \$1.64 million.

SOCIAL SERVICES

Long-term care. After reviewing generated studies and evaluating past experiences, your Committee finds that the Executive Office on Aging is the logical agency to devise a plan and recommend a strategy for the provision and financing of long-term care in Hawaii. Therefore, funds have been appropriated to launch an adult long-term care financing mechanism; to implement a demonstration project providing housing assistance for elderly residents; to develop and execute a public awareness program on long-term care; and to provide for the distribution of information to the elderly on long-term care services.

Public assistance allowances. By a separate measure, your Committee has recommended an increase in the level of benefits to recipients. Beginning July 1, 1988, the legislation supported by your Committee will establish the assistance allowance at 60 percent of the federal poverty standard.

Services to Children. Adjustment have been made in federal funding authorizations for Title IV-B, Child Welfare Services, and Title IV-E, Foster Care and Adoptions Assistance, to meet requirements for permanency planning for

children. In addition, a number of social service assistant positions have been provided statewide to promote parent-child visits and family reunification of children who have been placed out of the home.

Health Care Payments. Your Committee has continued its emphasis on prevention programs by funding a new Medicaid program, Medical Options for Mothers and Infants (MOMI). This program will enable indigent women to receive prenatal care and children up to one year old to receive primary care. Funding has also been provided to maintain the 56% reimbursement level for Medicaid providers. Reimbursement for dental health care is also included in this funding.

LOWER EDUCATION

Your Committee is acutely aware that, in the face of a rapidly changing world in which technology plays an increasingly important role, our greatest resource is a well-educated population. Creating excellent universities will yield minimal benefits if our students are not prepared to enter them. Thus, your Committee has concentrated its efforts on strengthening the basic foundation of our public school system with funding to meet special education needs, pilot distance learning technology, improve school facilities and streamline internal departmental operations.

In the new information age, education is not limited to schooling. Since information and knowledge is everchanging, learning will also have to be a lifetime activity. As we proceed down that road, the public library system of our State becomes a more crucial component of the education infrastructure.

Special Education. A commitment to educational improvement for handicapped children has been made. An additional \$5.1 million has been provided to begin the implementation of recently adopted special education staffing goals. The new goals provide for a systematic reduction of the ratio of students to instructional personnel. These additional resources will specifically benefit the severely handicapped who require special classes and special teachers. The department should also focus on those children who are mildly handicapped and are able to attend schooling in regular classrooms. To determine what kinds of improvements can be made to assist teachers.

Parent/Community Networking Centers. The objective of parent education is to provide parents and other members of the community with experiences and knowledge to help them learn and practice ways to develop personal esteem, a strong belief system, and a prudent reasoning process for themselves, their children, and the people around them. The pursuit of this objective is being accomplished through parent networking centers. Additional resources will make possible the continuation of the existing parent networking centers and the expansion to new sites.

Distance Learning Technology. The distance learning project is in pursuit of a long-standing objective: equal educational opportunities for all students, barrier-free education, improved quality of instruction, and efficient use of resources.

This bill provides an appropriation of \$540,105 to enable program components of distance learning to be tested in a number of schools in order to move the public school system towards a new horizon in education. Funds have also been provided to begin the initial planning for access to a cable television channel devoted to education. In view of the fact that 78% of all public schools and a significant number of student's homes are already cable connected, your Committee believes that the use of cable television should be pursued.

School Repairs and Maintenance. The repairs and maintenance program of public school facilities will always be an important part of the educational process for our children and community. An additional \$7.0 million has been provided to supplement the \$21.7 million already funded in the fiscal year 1988-89 budget. This bill accelerate the State's efforts to provide a safe environment conducive to learning for students and staff.

Financial management. The Department of Education has characterized its financial system as "operating in the dark ages" and that "its cumbersome, centralized...system generates a paper blizzard and excessive red tape for over-burdened school employees." It has proposed a general overhaul of the existing system. Your Committee is supporting the first phase of a new computerized system with an appropriation for its development and installation. At the same time, your Committee urges that subsequent phases be carefully analyzed, especially the proposed development of a completely independent payroll system.

Public Libraries. For library users statewide, your Committee has provided funds to replace the present computer system with a much more powerful unit. In addition to improving response time, a greater number of terminals will be available for use by the general public.

Service to the public will also be improved by providing funds for additional staff positions, security services, equipment and material for circulation.

HIGHER EDUCATION

Without economic development to provide a broad mix of employment opportunities, the investment we make in education may be lost through the departure of our young people to other states. Therefore, your Committee has strongly reaffirmed its commitment to the key role which our university system plays in Hawaii's long-term economic growth. Your Committee has also provided the necessary funding to meet critical deficiencies resulting from unanticipated increases in costs for electricity, medical malpractice insurance, student employee compensation, and repair and maintenance for educational facilities. In these and other areas, over \$16 million in additional funding has been provided.

College of Ocean and Earth Science and Technology. The continued support of this new school will take advantage of Hawaii's geographical location and ocean-related culture by expanding studies, instruction, and research in ocean and

earth sciences; developing new products, materials and engineering systems; and applying pure research into applied technologies. Your Committee has provided funds for the construction of a facility to house this school at the University of Hawaii.

School of Hawaiian, Asian, and Pacific Studies. Hawaii plays a unique and vital role in the development of the Pacific and Asian region. Continued support of this new school will be instrumental in positioning the university as one of the nation's leading research institutions in Pacific and Asian Affairs. In relation to the initiative and the State Constitution which mandates that the State of Hawaii promote the Hawaiian language, culture, and history, your Committee has increased funding in Hawaiian studies for instructional and counseling positions at various campuses in the university system.

Space Related Activities and Economic Development. The economic development of a space industry, which may include a launching facility, is an exciting possibility and support is being given to develop this potential as well as enhance existing space research and training facilities.

Office of Technology Transfer. A major commitment of resources has been provided for the creation of an effective infrastructure for the transfer of university-generated technology to the community. This will enable the university to make a significant contribution to Hawaii's future economic development not only in such fields as biotechnology, software and engineering, but also in tropical agriculture, natural energy, and ocean resources.

Addressing the Nursing Shortage. As already noted, an acute shortage of nurses currently exists in the State of Hawaii. To help address this problem, your Committee has provided funding to substantially increase enrollment of nursing students.

Stipends and Wages for Graduate Students and Student Employees. Graduate assistants are an indispensable part of the university's teaching and research program. Hawaii's high cost of living and the relatively low level graduates stipends make it difficult to attract such needed graduates. Your Committee has found that an increase in graduate stipends is warranted and recommends full funding of the university's request. Of equal importance to a university is the help provided by undergraduate students. Act 224 of 1987 significantly affected the cost and rate by which the University compensates all of its student employees. To restore pay equity and forestall cutbacks in student services and wages, your Committee has increased funding to cover the shortfall.

Minority Student Program. Notwithstanding the other budgetary initiatives for the university, the fundamental mission of creating a "rainbow of opportunity" of all of Hawaii's post-high school students has not been forgotten. Your Committee has provided for the expansion of minority recruitment programs to strengthen the diversity of the student population and for additional academic advisors at the University of Hawaii at Manoa to address the counseling needs of community college transfers, minority matriculants, returning students, and other non-traditional student.

Repair and Maintenance. During prior years of fiscal austerity, repair and maintenance of many educational facilities was postponed or left undone. The 1987 Legislature provided substantial sums of monies to correct these deficiencies. Your Committee has provided an additional \$3,462,440 for needed repair and maintenance of other educational facilities.

CULTURE AND RECREATION

The primary purpose of the Culture and Recreation program is to enrich the lives of people of all ages by preserving opportunities and facilities for cultural events, including ethnic celebrations, concerts, and public broadcasting; and by preserving recreational activities, including the use of State parks, the Aloha Stadium, and ocean based activities. To this end, your Committee has made funds available to support various organizations. Funds were appropriated to expand use of public television; to establish a moving image inventory to record Hawaii's cultural and historical legacy; to sponsor special events; and to improve and maintain state parks and other recreational areas.

PUBLIC SAFETY

The passage of Act 338 by the 1987 State Legislature created the Department of Corrections and merged the Intake Service Centers (SOC 394) into other components of the DOC. The transfer of program identifications from the Department of Social Services and Housing to the newly-created Department of Corrections (DOC) has been made pursuant to this act.

Priority in the DOC has been given to items relating to consent decree compliance, with the main areas of concern being health, sanitation, and safety. Due to the increased number of inmates because of transfers from OCCC, funding was provided to increase medical coverage at the Kulanii, Waiawa, Hawaii, Kauai, and Oahu correctional facilities, and expand educational/vocational programs at the Halawa, Kulanii, Waiawa and Women's correctional facilities. Your Committee has also provided funds for the improvement and upgrading of correctional facilities statewide.

GOVERNMENT-WIDE SUPPORT

Telecommunications. Funds have been appropriated for the development of the backbone of a statewide microwave system for multichannel data, facsimile capability, video, and voice transmission. A microwave system would improve voice communication services to the neighbor islands through a network management system of quality and dependable signals. This system would provide state agencies, especially those providing emergency and security services, with an efficient means of communication. The Department of Education and the University of Hawaii would benefit from this alternate means of communication for administrative as well as educational purposes.

Funds have been provided for the development of video conference centers as a cost-effective alternative to business travel. With the implementation of this system, continuing education programs, training, and interactive meeting can

improve the effectiveness and productivity of Hawaii's state government. The video conference centers will also be used for communications between Hawaii, the Pacific, and Asia, and thus making Hawaii a leader in the use of this technology.

Taxation. Your Committee is concerned with what is apparently a significant number of individuals who should, but do not, pay taxes to the State. Funds have been provided for an integrated computerized system to help detect noncompliance. The system will link the General Excise and Withholding (GEW), Comprehensive Net Income Tax (CNIT), and the Transient Accommodations Tax (TAT) programs.

Agricultural Activities. Funds were appropriated for the following agricultural activities: growth and vitality of Hawaii's diversified agriculture industry, anthurium blight research, and the development of a natural tropical pest biology center. All activities and funds will be coordinated and expended through the Governor's Agriculture Coordinating Committee.

Aid to counties. An additional \$8 million is being appropriated as grants-in-aid to the counties. This funding is in addition to various grants which have been provided in support of specific public works projects in the counties.

CONCLUSION

In conclusion, your Committee has thoroughly reviewed the many funding requests and concerns of the citizens of our State and it is believed that this Supplemental Budget meets and addresses these major issues.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2081, 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. 2081, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 234 on S.B. No. 3264

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 appropriates the sum of \$12,602,000 to satisfy this purpose.

This bill in its amended form, appropriates an additional \$12,613,000 in general funds for capital improvement projects. Therefore, as amended, this bill appropriates the sum of \$25,215,000.

Your Committee has further amended this bill by adding, amending or lapsing capital improvement projects from Act 217, SLH 1987. These projects have been identified to amend Act 217, SLH 1987 such that the amendments, additions and reductions will not have an adverse impact on the planned capital improvement program.

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. 3264-88, S.D. 1, H.D. 1, as amended herein, and recommends it pass Final Reading in the form attached hereto as S.B. 3264-88, S.D. 1, H.D. 1, C.D. 1.

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

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

Representative Tajiri did not sign the report.

Conf. Com. Rep. No. 235 on H.B. No. 2002

The purpose of this bill is to clarify the laws relating to government records. Specifically, the bill provides a new framework for the resolution of the often competing public and privacy interests involved in terms of access to government records.

Both the earlier House and Senate drafts of this bill provided a general rule of access with a limited set of exceptions to that general rule. In doing so, both the House and Senate made clear their shared view that an open government is the cornerstone of our democracy. Under such a view, the current confusion and conflict which surround the existing records laws are plainly unacceptable.

The House and Senate in their earlier drafts, however, took markedly different paths to reaching the shared goal of access. The House chose, with some modification, to use the Uniform Information Practices Code of the National Conference of Commissioners on Uniform State Laws. The Senate, on the other hand, chose to modify existing laws in part because the House bill appeared to have been significantly misunderstood and in part because a set of amendments which directly attacked the current problems appeared to be a preferable course of action.

After substantial debate and discussion, your Committee believes that there is wisdom in both approaches and that a synthesis of the versions is appropriate. In arriving at the conference draft of this bill, your Committee believes that it has produced a measure which ensures public access to government records which is capable of being understood by those who use the records laws and which provides a useful framework for handling records questions in the future.

The major features of the conference draft are discussed below and are intended to serve as a clear legislative expression of intent should any dispute arise as to the meaning of these provisions.

1. Title and Structure. The bill provides for use of the basic framework envisioned by the uniform law and will separate out all provisions dealing with the access of individuals to their own records and place them in Part III. Provisions of the current Chapter 92E, Hawaii Revised Statutes (HRS), will be substituted for similar provisions in the uniform law.

2. Purpose. The bill will provide clear recognition of both its primary goal of ensuring access to government records and the constitutional right of privacy which must clearly be considered in every appropriate case. The recognition of both factors is not intended to diminish the vitality of either but is simply intended as full notice of the competing consideration involved in these cases.

3. Definitions. The bill includes the crucial definitions: the all-inclusive "government records" definition, the "personal records" definition taken from the current Chapter 92E, HRS, and a definition of "agency" which includes both the Legislature and the Judiciary. The definition of "agency" excludes the "non-administrative records of the Judiciary." The intent of this language is to preserve the current practice of granting broad access to the records of court proceedings. The records of the Judiciary which will be affected by this bill are the administrative records.

4. Affirmative Disclosure Responsibilities. The bill will provide a general disclosure responsibility in Section -11 which is intended to serve as the central section of the records law. Every other provision is an exception to this general rule. In addition, however, the bill will provide, in Section -12, a list of records (or categories of records) which the Legislature declares, as a matter of public policy, shall be disclosed. As to these records, the exceptions such as for personal privacy and for frustration of legitimate government purpose are inapplicable. This list should not be misconstrued to be an exhaustive list of the records which will be disclosed. Nor should any limiting language in this list be deemed to imply a legislative intent that such limitation be applied in any other circumstances. This list merely addresses some particular cases by unambiguously requiring disclosure.

5. Exceptions to Access. The bill will provide in Section -13 a clear structure for viewing the exceptions to the general rule of access. The five categories of exceptions relate to personal privacy, frustration of government practice, matters in litigation, records subject to other laws and an exemption relating to the Legislature. The category relating to personal privacy is essentially the same in both the House Draft and the Senate Draft. The second category, concerning frustration of legitimate government functions, was clarified by examples on pages 4 and 5 of Senate Standing Committee Report No. 2580. The last three are self-explanatory.

The records which will not be required to be disclosed under Section -13 are records which are currently unavailable. It is not the intent of the Legislature that this section be used to close currently available records, even though these records might fit within one of the categories in this section.

6. Clearly unwarranted invasion. Once a significant privacy interest is found, the privacy interest will be balanced against the public interest in disclosure. If the privacy interest is not "significant", a scintilla of public interest in disclosure will preclude a finding of a clearly unwarranted invasion of personal privacy.

7. Judicial Enforcement. The bill will provide for immediate access to the courts when an agency refuses to release records. Section -15 provides for a de novo hearing, in camera review, attorneys fees and expenses, liberal venue provisions, and expedited review by the courts, and places the burden of proof on the agencies.

In this regard, the intent of the Legislature is that exhaustion of administrative remedies shall not be required in any appeal of a refusal to disclose records. Any internal or administrative appeals structure which is established would be optional and an aggrieved party may proceed directly to court if the party chooses to do so.

There is also a need to provide a remedy for those whose records are inappropriately disclosed. While this bill does not address this issue, except as to personal records, it is a subject for immediate attention at future sessions.

8. Immunity. The bill will provide in Section -16 that the good faith actions of employees in handling records distribution shall not subject them to liability. In this way, public employees will be free to act according to the intent of the law without the defensive posture which was perhaps a consequence of existing penalty provisions. This bill provides that actions will proceed against agencies and not individual employees. Employees misconduct can, of course, be handled under normal personnel provisions.

9. Criminal Penalties. The bill will provide in Section -17 for criminal penalties for the willful release of confidential information. There are reservations about this provision, and particularly about its placement outside of the penal code, but there is also a sense that willful actions of this type merit strong sanction.

10. Agency Implementation. The bill will place particular emphasis on the need for strong and active agency implementation of the records laws. Under Section -18, the agencies will be required to issue necessary instructions, train their employees, and prepare guides which will set forth in detail the records in their custody and the way in which those records will be treated for access purposes.

The proper functioning of any public records law is very much dependent upon the attitude of those who implement the law. Your Committee urges all agencies to accept this new law as a challenge and a mandate to ensure public access to the public's government.

11. Limitation on Disclosure to Other Agencies. The bill will continue the current prohibitions on the sharing of records and information between agencies except in specific circumstances or where the record or information is otherwise public. Specific mention has, however, been made to the Legislative Reference Bureau, the Legislative Auditor, and the Ombudsman to ensure that they receive the information necessary to carry out their duties.

12. Disclosure of Personal Records. The bill will recodify major portions of Chapter 92E, HRS, in Sections -21 to -28 except that these provisions will be limited to handling an individual's desire to see his or her own record. All other requests for access to personal records (i.e. by others) will be handled by the preceding sections of the bill. In this way, the very important right to review and correct one's own record is not confused with general access questions.

13. Office of Information Practices. Established under Sections -41 and -42, this office is intended to serve initially as the agency which will coordinate and ensure implementation of the new records law. In the long run, however, the Office is intended to provide a place where the public can get assistance on records questions at no cost and within a reasonable amount of time.

Provisions have been made in the bill to assure that the Office does not become a roadblock to access by ensuring that a direct right of appeal to the courts will exist at all times. The Office, therefore, will become an optional avenue of recourse which will increasingly prove its value to the citizens of this State as the law is implemented.

The Office will be placed within the Office of the Attorney General and will receive a budget to have a director, a researcher, and two clerical positions as well as funds for printing and publication. As the Office determines what role it can best play, it can approach the Legislature to suggest alternate levels of funding or support.

14. Repeals and Effective Dates. The Office of Information Practices would begin operations on July 1, 1988. This is essential to ensure implementation of the new law one year later. The remaining portions of the new records law would then become effective July 1, 1989, and at that time the existing records laws (chapter 92, Part V and chapter 92, HRS) would be repealed. This orderly implementation is essential if the new provisions are to deliver their inherent promise to the people of this State.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2002, 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. 2002, H.D. 1, S.D. 1, C.D. 1.

Senators Blair, Fernandes Salling, Young and George
Managers on the part of the Senate

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

Conf. Com. Rep. No. 236 on H.B. No. 3238

The purpose of this bill is to provide for the planning, coordination, development, land acquisition, construction, management, protection, and implementation of the Hawaii statewide trail and access system, to be known as "Na Ala Hele".

Na Ala Hele was initiated by Act 69, Session Laws of Hawaii 1974, to promote public use and enjoyment of trails and other recreational areas served by accesses. Act 69 resulted in the report entitled Proposal for Planning, Coordination and Development of Hawaii's Statewide Trail and Access System, issued in 1978, by the Department of Land and Natural Resources.

Implementation of Na Ala Hele, however, has not progressed. Thus, your Committee finds that this bill is necessary to establish more clearly the department of land and natural resources' powers and duties, one of which is to serve as an advocate for the system, and appropriate necessary moneys.

Your Committee has made the following amendments:

- (1) On page 6, line 15, of the bill, as received, the phrase "trail and access" has been replaced by "trails and accesses". This amendment is nonsubstantive.
- (2) On page 6, line 16, of the bill, as received, the word "May" has been replaced with "Shall". The amendment requires the department to establish advisory councils for the system. The number and geographical areas represented by the councils and qualifications of members are left to the discretion of the department.
- (3) An appropriation of \$664,000 has been inserted into Section 4.

Your Committee also desires to clarify the references to "trails, accesses, or lands under the jurisdiction of the department of land and natural resources". The references, or similar variations, are intended to mean trails, accesses, or lands in which the department has a property interest. The classification of privately owned lands in the conservation district does not by itself place the lands or trails and accesses on the lands "under the jurisdiction of the department" for the purposes of this bill.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3238, 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. 3238, H.D. 2, S.D. 2, C.D. 1.

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

Representatives Levin, Fukunaga, Hashimoto, Isbell and Pfeil
Managers on the part of the House

Conf. Com. Rep. No. 237 on H.B. No. 2974

The purpose of this bill is to authorize the designation of a contiguous area of public lands as an industrial park. Designation may be made by resolution of the board of land and natural resources or by law. The bill also designates certain public lands on Sand Island, Oahu, for consideration as the first industrial park.

Your Committee finds that this bill is necessary for the public purpose of economic development. The bill is intended to promote industrial, including manufacturing, activities, with the consequent benefits of diversifying the State's economy and contributing to a more positive trade balance through increased export and import substitution opportunities.

Your Committee has amended the last section 171- in the new part to chapter 171, Hawaii Revised Statutes. Basically, the section has been amended by deleting the designation of the public lands on Sand Island as an industrial park. The deletion should not be construed as legislative rejection or disfavor of the concept. Rather, your Committee feels that the board of land and natural resources should have flexibility with respect to the industrial uses on Sand Island.

In that same section, your Committee has retained the provisions which, after designation of public lands as an industrial park, gives an existing permittee the first opportunity to obtain a lease, without necessity of public auction or public notice. Relevant language changes, however, have been made to compensate for the deletion of references to the Sand Island lands. Certain public lands have been occupied for industrial purposes by persons on month-to-month or revocable permits. Many of the permittees have used and occupied the lands for fairly long periods. If the lands used and occupied are designated as part of an industrial park, which in effect will require leasing of parcels, your Committee finds that fairness necessitates the provisions allowing an existing permittee to negotiate for a lease within a set period following the designation. The opportunity, however, is contingent upon a fair return to the State. Furthermore, the board is required to include lease covenants for the placement and construction of improvements in accordance with minimum standards set forth in local building codes. Your Committee does not intend to subsidize any person's business operation through this bill.

Other substantive changes to that section are the following:

- (1) The period during which a permittee and the board must negotiate a lease has been reduced from one year to one hundred eighty days. Your Committee feels that the reduced period is ample for its intended purpose.
- (2) The provisions prohibiting the board from revoking, terminating, or not renewing a permit during the negotiation period have been deleted. The purpose of the provisions were to prevent the board from circumventing the negotiation requirement by evicting the permittee before the requirement becomes applicable. Your Committee is confident that the board will implement the spirit, as well as the letter, of this bill and will not engage in subterfuge. Thus, the provisions are deemed unnecessary.
- (3) The designation of an industrial park by resolution of the board of land and natural resources has been made contingent upon approval by the legislature by concurrent resolution.
- (4) Relevant language changes have been made to expand actions which the board may take with respect to industrial parks to include the authority to make improvements.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2974, 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. 2974, H.D. 1, S.D. 1, C.D. 1.

Senators Aki, Fernandes Salling, Holt and A. Kobayashi
Managers on the part of the Senate

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

Conf. Com. Rep. No. 238 on S.B. No. 2884

The purpose of this bill is to establish a tourism training council to monitor and coordinate government and industry activities and programs designed to develop the quality of the visitor industry workforce and to encourage opportunities for upgrading and career development for present and future visitor industry employees.

Your Committee finds that there is a tremendous need for training programs on the outer islands for the visitor industry in both the managerial and non-managerial levels due to the recent hotel and resort developments on the outer islands. As such it is vital for Hawaii's number one industry to have a trained workforce.

To achieve these goals funds are appropriated for the School of Travel Industry management to develop and expand management and professional level programs on the outer islands.

Your Committee has taken these factors into consideration and has amended the bill to provide that \$78,000 be appropriated for the School of Travel Industry Management to develop and expand management and professional level programs to the outer islands as well as appropriating \$78,000 for the University of Hawaii community college system to develop and expand vocational education and training programs for the visitor industry on the outer islands.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2884, 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. 2884, S.D. 1, H.D. 1, C.D. 1.

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

Senator A. Kobayashi did not sign the report.

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

Conf. Com. Rep. No. 239 on S.B. No. 3161

The purpose of this bill is to amend section 36-41, Hawaii Revised Statutes, which deals with the use of third party financing for energy efficiency improvements in state and county facilities.

This bill provides agencies greater flexibility in arranging for the installation and financing of equipment and devices that will reduce the cost of operation of facilities and, where appropriate, will permit the facility to utilize alternate energy sources. Further, the term "third-party financing" is changed to "energy performance contracting" as the latter term more accurately and comprehensively describes the options made available to agencies under this bill. The bill also sets procedures for bidding and entering into such contracts.

The legislative intent of S.B. No. 3161, S.D. 1, H.D. 2, is to encourage the widest possible use of those practical and effective energy conserving and alternate energy measures in public facilities that will in fact serve to reduce our State's consumption of oil. The legislature finds that well-designed cogenerators, photovoltaic cells, wind turbine generators, hydro-electric generators, solar water heaters, heat pump water heaters, and waste heat recovery heat exchangers are among those measures that, when properly applied, will serve to reduce the amount of imported oil required by our State and its economy.

Your Committee has determined that S.B. No. 3161, S.D. 1, H.D. 2, clearly conveys this legislative intent to reduce our State's oil consumption. For this reason, your Committee has determined that this legislation should not specifically name any one of the above listed devices or measures to the exclusion of the others.

Accordingly, your Committee has amended S.B. No. 3161, S.D. 1, H.D. 2, by deleting the word "cogeneration" on line 7, page 1, line 17, page 2, and line 1, page 6.

Your Committee has also amended by bill by replacing "ten" for "fifteen" on line 8, page 5, to keep consistent with lines 22 to 24, page 3, the number of years an agency may enter into an energy performance contract.

Finally, your Committee has made technical, nonsubstantive changes to the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3161, 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. 3161, S.D. 1, H.D. 2, C.D. 1.

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

Representatives Andrews, Fukunaga, D. Ige, Kanoho and Pfeil
Managers on the part of the House

Conf. Com. Rep. No. 240 on H.B. No. 2006

The purpose of this bill is to provide for the temporary establishment of a statewide fair access commission and set forth its functions and powers for the purpose of reviewing the access to government activities and processes available to persons residing outside of Oahu.

Your Committee finds that the island geography of Hawaii is unique and ready accessibility to government activities is not always possible. However, the rights of Hawaii's residents must be preserved and every effort must be expended to ensure that no resident is denied access to government and to participate in its processes and other public services.

Your Committee upon further consideration has amended the bill to provide an appropriation of \$150,000 for the purpose of establishing the statewide fair access commission.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2006, S.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2006, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. No. 241 on S.B. No. 2633

The purpose of this bill is to ensure the availability of telephone relay services for the deaf and hearing-impaired.

Your Committee has considered the following funding mechanisms to implement the intent of this bill:

- (1) Yearly appropriation;
- (2) Tax credit granted to the telephone utility; and
- (3) A surcharge, inclusion in the rate structure, or both.

After careful consideration, your Committee finds that the funding mechanism is dependent on the establishment of Telecommunication Device for the Deaf (TDD) Relay Service as either a social service or an integral part of existing service.

Your Committee finds that telephone service for the hearing impaired should be considered as an integral part of telephone service. The service is an integrated part of the pervasive responsibilities of a regulated telecommunications utility to meet the widespread common needs and conveniences of all consumers, be they hearing-impaired or nonhearing-impaired. As such, funding mechanisms incorporating either a yearly appropriation or a tax credit are not appropriate.

Your Committee finds that although the issue has been funded by a yearly appropriation in the past, the continuation of such a process does not address the fundamental issue of equal access nor does it adequately provide for, or guarantee a service level for the hearing-impaired equal to that provided to the general public to the extent that technology limits the achievement of this goal.

Your Committee has amended this bill to provide the necessary language to allow the telephone utilities to implement an interim surcharge imposed on all subscriber lines subject to review and approval by the public utilities commission (PUC), in order to permit the recovery of actual costs incurred from the time of commencement of services for the hearing-impaired to the next general rate increase.

Your Committee has also amended subsection (b) to clarify the meaning of "relay services for the deaf and hearing-impaired" to mean a twenty-four-hour operator-assisted telephone relay service, not an answering service, staffed by persons who are able to receive and transmit phone calls between deaf and hearing-impaired and hearing persons using a telecommunication device for the deaf in conjunction with a telephone.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2633, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2633, H.D. 2, C.D. 1.

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

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

Conf. Com. Rep. No. 242 on S.B. No. 2468

The purpose of this bill as received is to authorize the issuance of special purpose revenue bonds and refunding special purpose revenue bonds to assist Hawaiian Electric Company, Oahu, Hawaii Electric Light Company, Hawaii, Kauai Electric Division of Citizens Utilities Company, Kauai, and Maui Electric Company, Maui in certain capital improvement programs, subject after January 1, 1990, to certain prerequisites that must be satisfied before the remaining amount of the special purpose revenue bonds may be issued. These prerequisites would require:

- (1) A utility to devise and file with the public utilities commission a comprehensive integrated energy resource plan that contains its strategy for meeting future electrical needs for its service territory through the optimum mix of supply-side and demand-side resources, including energy efficiency improvements, load management, cogeneration, and renewable energy sources, at the least cost;
- (2) The public utilities commission to approve the integrated resource plan;
- (3) The utility to demonstrate that its proposed capital improvement program is consistent with its integrated resource plan and represents the least-cost means of satisfying end-use energy needs; and

- (4) The commission otherwise approves any project to be financed by the special purpose revenue bonds.

The bill as received also would require the public utilities commission to adopt rules concerning integrated resource planning and would prohibit the use of funds for nuclear fuel generating units.

Your Committee makes the following findings:

- (1) Primary goals of Hawaii's energy policy are:
- (A) To reduce Hawaii's critical dependence upon imported oil for over ninety per cent of its total energy needs, which dependency leaves the State economically and socially vulnerable to a disruption in the flow of oil or a sharp price escalation in the world oil market;
 - (B) To increase energy self-sufficiency by pursuing the development of alternate renewable energy sources to replace oil; and
 - (C) To provide adequate and dependable supply of energy at reasonable cost;
- (2) This bill, through the issuance of special purpose revenue bonds, will lower the cost of building generating plants to the electric utilities which ultimately will benefit electricity consumers;
- (3) Traditional methods of utility planning emphasize increasing generating plants and capacity to meet peak demands, but fail to address environmental, conservation, load management, and alternate energy considerations;
- (4) Integrated resource planning, on the other hand, looks to the optimum mix of supply-side and demand-side resources to meet electrical needs at the least cost;
- (5) The concept of integrated resource planning is consistent with the State's primary energy goals;
- (6) The public utilities commission has established a task force of representatives from the commission, the division of consumer advocacy of the department of commerce and consumer affairs, the energy division of the department of business and economic development, and all of the State's electric utilities with the stated goal of developing a specific integrated resource plan for Hawaii;
- (7) The chair of the public utilities commission has given assurances that the task force will develop a specific integrated resource plan by the end of 1989, based upon an assessment and scoping report to be prepared by an independent consultant.

Your Committee strongly supports the concept and implementation of an integrated resource plan; however, your Committee does not feel this bill is the appropriate vehicle to mandate such action. Furthermore, in view of the assurances made concerning integrated resource planning and in reliance thereon, your Committee recommends that any action mandating integrated resource planning be postponed for the time being and strongly urges the public utilities commission and the electrical utilities to adopt integrated resource planning of their own accord. Your Committee further recommends that if the public utilities commission and the electric utilities fail to adopt integrated resource planning, the legislature reconsider the need for mandatory action.

Accordingly, upon further consideration, your Committee has made changes to S.B. No. 2468, S.D. 1, H.D. 1, by deleting the following:

- (1) The condition that prerequisites relating to integrated resource planning be satisfied before remaining special purpose revenue bonds may be issued;
- (2) The definition of integrated resource plan; and
- (3) The requirement that the public utilities commission adopt rules concerning integrated resource planning.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2468, 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. 2468, S.D. 1, H.D. 1, C.D. 1.

Senators Yamasaki, Young, Matsuura and Herkes
Managers on the part of the Senate

Representatives Hirono, Souki, Andrews, Fukunaga and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 243 on H.B. No. 501

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.

Article VII, section 13, of the Constitution of the State of Hawaii, requires the Legislature to include a declaration of findings in every general law authorizing the issuance of general obligation bonds, which shall declare the issuance of state bonds authorized will not cause the debt limit to be exceeded at the time of issuance.

Your Committee has amended this bill by inserting the amounts provided by the Department of Budget and Finance.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 501, 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. 501, H.D. 1, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 244 on S.B. No. 2195

The purpose of this bill is to establish a revolving loan program to stimulate agricultural business development and growth on the island of Molokai.

The cessation of commercial pineapple cultivation and the recent cattle depopulation has severely depressed Molokai's economy. Expansion of diversified agriculture represents a realistic chance for restoration of a healthy economy on Molokai, but many residents presently would not qualify for commercial and existing government-sponsored small business loans needed to start up diversified ventures.

A government-funded revolving loan fund, with more liberal qualifying requirement terms and an attendant higher risk of default than the present department of agriculture loan program is necessary to facilitate growth of diversified agriculture and economic revival on Molokai.

Your Committee upon further consideration has made the following amendments to S.B. No. 2195, S.D. 2, H.D. 2:

- (1) Amended Section 2, page 2, line 1, of the bill by appropriating \$250,000, rather than \$1, for the revolving loan program; and
- (2) Amended Section 2, page 2, line 4, of the bill to delete the word "new". Your Committee agreed that the intention of this bill is to assist both new and/or recently started enterprises. However, your Committee felt that the word "new" is too restrictive and could be used to exclude recently started operations from receiving loans, making loans available only to enterprises not yet in operation and production.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2195, 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. 2195, S.D. 2, H.D. 2, C.D. 1.

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

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

Representative Honda did not sign the report.

Conf. Com. Rep. No. 245 on S.B. No. 3088

The purpose of this bill is to expand optional health care to low-income pregnant women, children, elderly persons, aliens, the homeless, and other handicapped and medically needy persons.

Your Committee agrees that this bill will make medical services available to those in this "gap group" who may not be seeking medical attention.

Your Committee has amended this bill by:

- (1) Amending the new paragraph (14) being added to section 346-14, Hawaii Revised Statutes, to "expand" rather than "maximize" optional health care to low-income persons identified as pregnant women, children, elderly persons, aliens, homeless, and other handicapped and medically needy persons;
- (2) Changing the appropriation from \$1 to \$3,564,312;
- (3) Deleting Section 3 of the bill containing the provisions pertaining to and services provided by the Catholic Immigration Center of Catholic Charities; and
- (4) Renumbering the remaining sections.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3088, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached as S.B. No. 3088, S.D. 2, H.D. 2, C.D. 1.

Senators Yamasaki, B. Kobayashi, McMurdo, Mizuguchi and A. Kobayashi
Managers on the part of the Senate

Representatives Hagino, Souki, M. Ige, Tam and Ribellia
Managers on the part of the House

Conf. Com. Rep. No. 246 on S.B. No. 3080

The purpose of this bill is to establish a state tax credit for developers of low-income housing. The bill also provides that the Housing Finance and Development Corporation will expedite and facilitate the provisions required of this bill.

Under the 1986 Federal Tax Reform Act, a new business tax credit for developers of low-income housing was established. Currently, there is no comparable state tax credit. This bill will establish such a state tax credit at a percentage of the federal tax credit.

Your Committee upon further consideration has amended S.B. No. 3080, S.D. 1, H.D. 2, by increasing the low-income housing tax credit from fifteen to thirty per cent.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3080, 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. 3080, S.D. 1, H.D. 2, C.D. 1.

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

Representatives Shito, Souki, M. Ige, Tom and Ribellia
Managers on the part of the House

Conf. Com. Rep. No. 247 on H.B. No. 2022

The purpose of this bill is to establish a business permits service center for the purpose of providing services and information to expedite and facilitate the business permit application process.

The bill provides that the center be established within the department of business and economic development with the following functions, powers, and duties: to accept permit applications and associated fees on behalf of participating agencies in accordance with agreements reached with those agencies; to provide comprehensive information on required permits; to facilitate contacts between the applicant and state agencies; to research, compile, and maintain a file of state and federal laws and rules and county ordinances applicable to business or commercial activities, as well as of available financial assistance programs; to encourage and facilitate the cooperation of federal, state, and county agencies on permit coordination; to promote the center's services to the public; to make recommendations to state agencies for expediting permit procedures; and to provide a toll free telephone business information service and direct telephone lines to those agencies that have a direct relationship to permit functions.

Your Committee, upon further consideration, has made an amendment to this bill to provide a section describing the purpose, substantially the same as the original House version. Your Committee has also amended this bill to clarify that the department would be permitted to form a Task Force, with respect to studying the feasibility of consolidation of permit processes, including representatives of various departments of the state government and other participating governmental agencies. The department is urged to seek as much contribution to this study and process from various governmental agencies. The department is also authorized to seek the participation in this study of persons in the private sector thought by the department to be the most affected by this process and is again urged to seek this participation.

Finally your Committee has increased the appropriation in this bill to \$200,000.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2022, 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. 2022, H.D. 2, S.D. 2, C.D. 1.

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

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

Conf. Com. Rep. No. 248 on S.B. No. 3166

The purpose of this bill, as received, is to:

- (1) Transfer the Land Use Division (LUD) and the Coastal Zone Management (CZM) Programs from the Department of Business and Economic Development (DBED) to the Office of State Planning (OSP);
- (2) Sharing the Capital Improvements Program (CIP) allotment process between the Office of State Planning and the Department of Budget and Finance (B&F);
- (3) Abolish the Hawaii Institute of Management and Analysis in Government (HIMAG);

- (4) Create an Office of Space Industry and provide appropriations therefor; and
- (5) Create a Small Business Incubator Program and provide appropriations therefor.

Act 336, Session Laws of Hawaii (SLH) 1987, which established the OSP, provided for the transfer of certain programs and activities from the Planning Division and the Population Analysis Program of DBED and the HIMAG to OSP. However, the LUD and the CZM of DBED were not transferred.

Your Committee finds that LUD and CZM are better suited to the planning functions and activities of OSP rather than DBED whose role is business advocacy. This bill incorporates these changes.

It should also be noted that under the provision of Section 12, the transferred staff will be tenured as civil service employees without loss of salary and other employee benefits and privileges.

Your Committee finds that the statewide training mandate of HIMAG is not compatible with the purposes and functions of OSP and that the responsibility for statewide employee training programs rests with the Department of Personnel Services (DPS). Hence, the bill repeals the pertinent sections of chapter 81, Hawaii Revised Statutes, dealing with the HIMAG program, thus eliminating the previous jurisdictional problems associated with statewide training functions between DPS and HIMAG.

Your Committee has amended this bill by deleting the provisions relating to the Office of Space Industry and the Small Business Incubator Program. Your Committee has also amended the bill by fully transferring the CIP allotment process from the Office of State Planning to the Department of Budget and Finance.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3166, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3166, H.D. 1., C.D. 1.

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

Representatives Andrews, Bunda, Levin, Souki, Fukunaga, D. Ige, Isbell, Kanoho, O'Kieffe and Pfeil
Managers on the part of the House

Representative O'Kieffe did not sign the report.

Conf. Com. Rep. No. 249 on H.B. No. 1361

The purpose of this bill, as received, is to amend section 237-18, Hawaii Revised Statutes, by adding specific language to provide that for general excise tax purposes, where transient accommodations are furnished by a travel agency or tour packager at noncommissioned negotiated contract rates, the gross income is to be divided between the travel agent or tour packager, on the one hand, and the operator of the transient accommodations, on the other hand. The bill allows this income splitting only where there is proof that the tax has been paid by the travel agency or tour packager, or such persons are subject to the general excise tax. The bill also provides that the income splitting provisions of section 237-18, Hawaii Revised Statutes, apply to fishing charters, and repeals the exemption from the general excise tax for amounts passed on and collected as transient accommodations taxes.

Your Committee finds that in the case of the tour packager and the operator of transient accommodations, in many instances the tour packager blocks out a number of rooms and acts as a wholesaler of those rooms to the members of the tour. The tour packager packages the rooms as part of a tour which may include ground transportation, meals, and entertainment. Although it is clear that the tour packager is in business to make money, neither the operator of transient accommodations or others involved in the tour know what the mark-up of the tour packager is. In these instances the department of taxation is imposing the general excise tax on the operator based on the cost of the room and not on the price for which the operator sold the rooms to the tour packager. The department bases its imposition on the fact that, in the case of transient accommodations, the cost of commissions is attributable to the gross income of the operator without deduction. In a commission operation the hotel may offer a 10 per cent commission to a travel agent. The hotel then may collect \$100 from the agent and return \$10 to the agent or the agent may collect \$100 and return only \$90 to the hotel. In both situations the hotel must pay the general excise tax on the \$100 room rental. Both the hotel industry and the department agree that this is proper. In the case before your Committee in this bill, the hotel does not know what the actual price the \$100 room is sold for by the tour packager. The rooms may be sold to the tour packager for \$90 and the tour packager may resell the rooms for \$90, \$100, or any price in between or even less than \$90. Many of the largest tour packagers operate out of New York and Japan, and the hotel industry has no means of knowing what the mark-up of these packagers is. The department of taxation is grossing up the revenues of the hotel to \$100 in the preceding example, by treating this as a commission operation. In this instance, it appears unfair for the department to gross up the amount of revenue received by the hotels, and your Committee finds that this bill will solve that problem and disallow gross up in this instance.

Your Committee after reviewing the amendments made by the Senate finds that the provisions requiring the tax to be paid by the tour packager or requiring the tour packager to be subject to the tax are unnecessary and they have been deleted. Your Committee also finds that the addition of fishing charters to the income splitting provisions of section 237-18, Hawaii Revised Statutes, is unnecessary and this provision has also been deleted from this bill. Finally, your Committee has deleted the amendment which would provide for the taxation of transient accommodations taxes passed on by an operator under the general excise tax.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 1361, 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. 1361, H.D. 2, S.D. 1, C.D. 1.

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

Representatives Cachola, Souki, Horita, Kotani and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 250 on H.B. No. 2028

The purpose of this bill is to appropriate funds for the preparation of an environmental impact statement and related studies for the possible establishment of a launching facility in Hawaii.

Activities related to space exploration have been identified by many in Hawaii as offering unique opportunities for the State to broaden and diversify its economic base. A number of space-related activities are already underway in the State, including the major astronomy activity of the University of Hawaii's Institute for Astronomy at Mauna Kea, and a number of research programs in association with NASA flight missions. Hawaii's potential opportunities for the near-term lie as a direct participant in earth-based supporting industries.

Your Committee finds that while a primary and alternate site have been recommended, the ability of Hawaii to compete effectively in the space launch industry is dependant upon an environmental impact statement.

Upon further consideration, your Committee has amended this bill by:

- (1) Specifying \$125,001 as the sum to be appropriated replacing the \$475,000 amount previously recommended;
- (2) Designating the Department of Business and Economic Development as the agency authorized to spend up to \$125,000 for the purpose of baseline studies for air quality control for the areas of Ka'u, South Kona, North Kona, Kohala and Hilo;
- (3) Requesting that the consultant engaged for the EIS engage the services of the University of Hawaii at Hilo wherever feasible for any studies, surveys, testing or research, in recognition of this institution's capabilities, expertise and advantageous geographic location;
- (4) Clarifying the scope of the technical studies and the EIS;
- (5) Requiring the consultant to hold scoping meetings in affected communities to solicit input from state, federal and private agencies and organizations with environmental responsibilities and expertise; and
- (6) Emphatically stating the Legislature's intent that no payloads which use radioactive materials as a power source, activities related to military weapons payloads, military weapons research or SDI be launched from, or take place at, any site selected.

Your Committee also made nonsubstantive revisions for purposes of style and clarity.

Before concluding, your Committee notes that while funds may have already been authorized in H.B. No. 2081, H.D. 1, S.D. 1, C.D. 1 (Supplemental Budget), this measure is a necessary vehicle for the appropriation and authorization of baseline studies for air quality control, and for the parameters of the envisioned EIS.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2028, 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. 2028, H.D. 2, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 251 on S.B. No. 2988

The purpose of this bill is to increase the maximum rent supplement payment under the State's rent supplement program and to allow for a larger homeowner participation of the program.

Under the program, the Hawaii housing authority makes direct rental supplement payments to housing owners on behalf of qualified tenants. Currently, the maximum monthly supplement amount for qualified tenants, i.e., eligible families and elderly persons is \$70 and \$90, respectively.

Your Committee finds that the current maximum monthly supplement amount does not accurately reflect the needs of the average recipient. This bill, as received, increases the maximum monthly supplement amount to \$200 for all eligible program participants, and provides for a potential larger supply of housing units by allowing any other qualified owner of a standard housing unit or units to participate in the program, in addition to those already allowed under section 359-122, Hawaii Revised Statutes.

Your Committee upon further consideration has made the following amendments to S.B. No. 2988, S.D. 2, H.D. 2:

- (1) Changed the rent supplement program maximum monthly supplement amount to \$160 for both eligible families and elderly persons;
- (2) Increased the appropriation for the rent supplement program to \$2,519,040; and
- (3) Added a new section designated as "section 6" to conform the bill to the Ramseyer format, which is a nonsubstantive change.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2988, S.D. 2, H.D. 2, as amended herein, and recommends that it pass Final Reading in the form attached as S.B. No. 2988, S.D. 2, H.D. 2, C.D. 1.

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

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

Representatives Fukunaga and Ribellia did not sign the report.

Conf. Com. Rep. No. 252 on S.B. No. 112

The purposes of this bill are to disallow a state tax deduction for political campaign contributions and to provide that the limitation on the campaign contribution amount that can be given applies to contributions to candidates' committees.

Your Committee upon further consideration has made the following amendments to S.B. No. 112, S.D. 1, H.D. 1:

- (1) Deleted the repeal of the tax deduction for political campaign contributions; and
- (2) Changed the effective date of the bill to "upon approval".

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 112, 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. 112, S.D. 1, H.D. 1, C.D. 1.

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

Senator Reed did not sign the report.

Representatives Metcalf, Bellinger, Peters, Takamine and Medeiros
Managers on the part of the House

Representatives Bellinger and Peters did not sign the report.

Conf. Com. Rep. No. 253 on H.B. No. 3496

The purpose of this bill is to appropriate funds to the Criminal Injuries Compensation Fund to be used in fiscal year 1988-1989 to compensate the victims of certain crimes or the dependents of deceased victims. The funds would also be used to indemnify private citizens for personal injuries or personal damages suffered in the prevention of criminal activity or the apprehension of a criminal.

The funds appropriated and deposited into the Criminal Injuries Compensation Fund shall be used for compensation and indemnification as authorized by the Criminal Injuries compensation Commission. The Commission authorizes compensation to victims of certain crimes or to their service providers for such expenses such as out-of-pocket medical costs, loss of earning power, pain and suffering. The Criminal Injuries Compensation Fund and Commission are governed by Chapter 351, Hawaii Revised Statutes.

Your Committee upon further consideration has amended the bill by changing the effective date to the date of the bill's approval.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3496, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3496, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 254 on S.B. No. 1725

The purpose of this bill is to allow individuals with incomes in excess of the Department of Human Services applicable standard of assistance, to apply the portion of income in excess, to the purchase of chore services, thereby qualifying the

individual for chore service assistance. Currently, income in excess of the eligibility standard prevents any individual from receiving chore services from the State, even if the excess may not meet the costs of the chore services needed.

Your Committee has substantially amended and rewritten the bill as follows:

- (1) By changing the eligibility requirements and definition for chore services proposed in S.B. No. 1725, S.D. 2, H.D. 2, so that eligibility standards are to be established by the department of human services which standards shall include individuals who have been found eligible for medical assistance under the department's Medicaid program; and redefining "chore services" to mean essential housecleaning and related activities such as marketing, cooking, and cleaning;
- (2) By changing the amount appropriated for chore services to \$272,340; and
- (3) By adding to the bill the general substance of S.B. No. 2011, S.D. 2, H.D. 1 (relating to home and community-based care for the elderly), as amended as follows:
 - (a) By adding a definition for "non-Medicaid recipient";
 - (b) By replacing new language requiring an assets test with a provision requiring that non-Medicaid recipients be eligible to receive the same array of comprehensive home services as nursing home without walls clients who are eligible for Medicaid;
 - (c) By changing the amount appropriated to provide program services to non-Medicaid program recipients to \$599,360; and
 - (d) By making technical, nonsubstantive changes.

The purpose of the amendments described in paragraph (3) above is to extend the services of the community long-term care/nursing home without walls program to those persons who do not qualify for Medicaid, yet cannot afford those same services from private sectors providers, by amending Act 192 of the 1983 Sessions Laws of Hawaii, as later amended.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 1725, 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. 1725, S.D. 2, H.D. 2, C.D. 1.

Senators Yamasaki, McMurdo, Mizuguchi, Young and A. Kobayashi
Managers on the part of the Senate

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

Conf. Com. Rep. No. 255 on S.B. No. 3093

The purpose of this bill is to prevent valuable public lands from being classified as "remnants" and being disposed of without restriction.

The bill would provide a safeguard for the effective and efficient disposal of remnant public lands by (1) defining the term remnant more precisely to exclude potentially valuable public lands; (2) specifying procedures for a determination of remnant status by providing for a standard public hearing with opportunity for public testimony to assist the Board of Land and Natural Resources in making a determination; and (3) bringing this statute in conformance with other similar public land disposition statutes by providing for legislative disapproval of any disposition of public land on the basis of remnant status.

Upon consideration of the discussion during conference, your Committee has amended this bill by:

- (1) Deleting reference to a "regular meeting" on page 2, lines 7-8 since Section 171-5, Hawaii Revised Statutes, already provides that no final action involving disposition of public lands may be had at a special meeting;
- (2) Inserting "by an affirmative vote of a majority of the members present," on page 4, line 3, to clarify that the board needs an affirmative majority vote to find that a "substantial public concern" has been demonstrated; and
- (3) Making clarifying language changes which have no substantive effect.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3093, 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. 3093, S.D. 1, H.D. 1, C.D. 1.

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

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

Representative Lee did not sign the report.

Conf. Com. Rep. No. 256 on S.B. No. 3401

The purpose of this bill is to establish a task force to develop a land exchange plan between the military and the State of Hawaii.

Your Committee finds that the two largest land holders in the State of Hawaii are the military and the State government. Your Committee further finds that there may be several parcels of land which, through good faith negotiation, would be appropriate subjects for exchange to the State of Hawaii by the federal government.

This bill establishes a task force to 1) study and identify state and military lands which are suitable or potentially suitable for exchange; 2) develop a plan or plans by which such exchanges may be effected to the mutual benefit of both the State and the military in Hawaii; and 3) make recommendations to the Legislature, the U.S. Department of Defense, and Congress regarding which Hawaiian lands, if any, are suitable for exchange.

The task force is to consist of four members; a member of the House of Representatives and a member of the Senate, who shall serve as co-chairs and appointed by the Speaker of the House of Representatives and the President of the Senate respectively; the Governor or the Governor's representative; and the Commander-In-Chief of the Pacific (CINCPAC) or his representative.

The task force shall solicit information, study and review previous land dispositions and submit reports on the findings and recommendations to the Legislature, Congress and the U.S. Department of Defense.

Your Committee upon consideration, has amended the bill by:

- 1) Clarifying that the task force is a legislative task force;
- 2) Deleting reference to any co-chairs;
- 3) Increasing the membership of the legislative task force to include a member of the Hawaii State Association of Counties and a member of Hawaii's congressional delegation or a designated representative;
- 4) Replacing the word "exchange" with the word "return" on lines 4, 5, 10 and 20 on page 2;
- 5) Clarifying that the properties to be identified and considered for exchange or return are those for which the title could be acquired by:
 - A) The operation of P.L. 88-233;
 - B) The cancellation or modifications of executive orders, proclamations, leases or licenses;
 - C) The operation of public benefit discount transfers; and
 - D) Land exchange; and
- 6) Adding the General Services Administration, the Department of Interior, the Governor of the State of Hawaii, and the Office of Hawaiian Affairs as agencies to receive a copy of the findings and recommendations of the legislative task force.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3401, 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. 3401, S.D. 1, H.D. 1, C.D. 1.

Senators Aki, J. Wong, Mizuguchi and Herkes
Managers on the part of the Senate

Representatives Crozier, Ihara Jr., Kotani, Yoshimura and Marumoto
Managers on the part of the House

Conf. Com. Rep. No. 257 on S.B. No. 3178

The purpose of this bill is to clarify the role of the high technology and development corporation and to authorize the expenditure of moneys, with the governor's approval, for emergency repairs or maintenance within any industrial park or facility which the development corporation operates and manages.

Your Committee has amended this bill by:

- (1) Amending the definitions of "high technology" and "project";
- (2) Amending the powers of the development corporation to include the ability to prepare or cause to be prepared plans for an incubator facility or project, and to arrange or initiate planning and implementation of infrastructure, improvements, or the furnishing of property and services in connection with an incubator facility or project;
- (3) Adding a proviso that it is not the intent of the bill to jeopardize the receipt of federal aid or impair state bond obligations, and to the extent that it is necessary to avoid these results, the governor is empowered to modify the bill and report such actions to the legislature; and

- (4) Changing the effective date to be the date of approval.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3178, 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. 3178, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 258 on S.B. No. 2744

The purpose of this bill is to appropriate funds for low-interest housing loans to holders of Kahana Valley State Park residential leases, which funds are to be deposited into the housing finance revolving fund for this purpose and expended by the housing finance and development corporation.

Your Committee, upon further consideration, has made the following amendments to S.B. No. 2744, S.D. 2, H.D. 2:

- (1) Deleted the existing Section 1;
- (2) Added, as the new Section 1, an amendment to Act 5, Session Laws of Hawaii 1987, that deletes the proviso that prohibits the expenditure of state funds for relocating or constructing Kahana Valley leaseholders' residences;
- (3) Changed the amount appropriated from \$1,700,000 to \$1,360,000 and provided for the lapsing of all unencumbered moneys into the state general fund upon the fulfillment of the purposes of the Act;
- (4) Amended Section 2 as follows:
 - (a) To allow up to \$160,000 of the amount appropriated to be used for administrative and other necessary expenses for administering the loan program;
 - (b) To direct the housing finance and development corporation to establish guidelines for loan terms and to assist the department of land and natural resources in establishing the housing construction program;
 - (c) To require that lessees who qualify for mortgage loans receive lease terms of not less than the mortgage loan period.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2744, 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. 2744, S.D. 2, H.D. 2, C.D. 1.

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

Representatives Levin, Fukunaga, D. Ige, Isbell and Pfeil
Managers on the part of the House

Conf. Com. Rep. No. 259 on S.B. No. 118

The purpose of this bill is to appropriate funds to the judiciary for the development of a juvenile justice information system to improve the processing of information within the juvenile justice system to ensure that accurate and timely information is available to all personnel in the criminal justice system who work with juveniles. Currently, data are either transmitted on a manual basis between agencies or not shared as an agency may not be aware that another agency has the information it needs. The proposed information system will allow all agencies quicker access and more comprehensive information on a timely basis.

Your Committee upon further consideration has amended the bill by changing the appropriation amount from \$750,000 to \$650,000.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 118, 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. 118, S.D. 2, H.D. 1, C.D. 1.

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

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

Representative Hemmings Jr. did not sign the report.

Conf. Com. Rep. No. 260 on H.B. No. 2032

The purpose of this bill, as received by your Committee, is to appropriate funds to determine the viability of an information industry in Hawaii, and to determine how the State may begin to better position itself to take advantage of major opportunities that are emerging in the field of information and telecommunication in the Pacific and Asian areas.

Your Committee has received many recommendations with regard to this bill and has found the public overwhelmingly supportive of the concept of developing and expanding the telecommunications and information technology industry in Hawaii.

With the advent of the computer age, information has become a precious commodity. The demand for accurate, up-to-date information is increasing at an exponential rate and is essential for businesses to compete successfully in the marketplace.

Your Committee finds that there is a need to create a mechanism whereby the State of Hawaii would become a leader in the field of telecommunications and information technology in the Pacific Basin and throughout the world.

To achieve this end, your Committee has amended this bill to establish a corporation, the Hawaii Information Network Corporation or Hawaii INC, to coordinate private efforts in the establishment of an information industry that could be instrumental in moving Hawaii toward becoming a hub of information technology in the Pacific. The corporation would use the network of advanced data communication techniques to serve as a conduit for information by the private sector to be accessed by users.

The Legislature intends that the activities of the corporation shall not interfere with the powers and duties of other government agencies in the establishment, operation, and management of the data bases, information networks, and statewide digital communications infrastructures that are within the scope of the processing and management of information resources by those agencies. The Legislature further intends that the information network does not result in increased charges to the public for general access to public data bases, such as libraries, and that the information network reaches all the neighbor islands.

Your Committee has further amended this bill by:

(1) Providing that the Department of Budget and Finance shall develop and operate an information network to enable users to access public and private information and shall coordinate the dissemination of public information through information technologies for the state government;

(2) Amending the state plan to include objectives and policies for the information industry;

(3) Appropriating \$4,000,000 for studies, development and operation of the information network and state information system, studies of the future of the information industry, and development of a University of Hawaii information network.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2032, 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. 2032, H.D. 2, S.D. 2, C.D. 1.

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

Senator Blair did not sign the report.

Representatives D. Ige, Souki, Fukunaga, Ihara Jr., and O'Kieffe
Managers on the part of the House

Conf. Com. Rep. No. 261 on H.B. No. 3068

The purpose of this bill is to : (1) provide protection against civil liability for a health care professional who appears as a witness and provides information about another health care professional in a professional review proceeding.

Your Committee finds that this bill will strengthen the procedures to ensure quality medical care and protect the right to due process of all health care professionals.

Your Committee upon further consideration has amended the bill to provide in Chapter 663 that in any civil action where a party seeks money damages or injunctive relief, or both, against another, the court may assess reasonable attorneys fees against a party upon a finding that the party's claim or defense was frivolous.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3068, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3068, S.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 262 on H.B. No. 2003

The purpose of this bill is to confer certain legal authorities upon centers which are established to facilitate the resolution of various international commercial disputes by means other than international litigation ("centers").

Under this bill, the centers will have the authority to establish arbitral tribunals and panels. The arbitral tribunals and panels established by such centers will conduct, administer and facilitate resolutions by such means as arbitration, mediation, conciliation. The bill would provide to the tribunals and panels the following functions and powers:

- (1) determination of the relevance and materiality of evidence;
- (2) administering of oaths;
- (3) fixing of witness fees; and
- (4) awarding of interest and reasonable attorney's fees and costs.

The tribunals and panels would be further afforded limited subpoena powers to be enforced by the circuit court.

Your Committee upon further consideration has amended the bill to provide that a dispute concerning real property in the State is not excluded from the proposed provisions if the parties in writing expressly submit the resolution of the dispute to arbitration, mediation or conciliation by a tribunal or panel of a center pursuant to this bill. Your Committee also removed the authority of a center to require that tribunals or panels assess commissions from the parties for utilization of the center to be allocated to certain non-profit organizations. Your Committee also made technical, nonsubstantive changes and amended the purpose section for clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2003, S.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2003, S.D. 1, C.D. 1.

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

Representatives Metcalf, Hagino, Hirono, Peters and Medeiros
Managers on the part of the House

Conf. Com. Rep. No. 263 on S.B. No. 2332

The purpose of this bill is to provide for a method of preserving medical information relating to genetic, inheritable and other related medical conditions about the natural parents and adopted child so that the adopted child or the child's legal guardian may have access to such information when needed.

Under this bill, a medical information form is required to be filed upon the filing of any document requesting the termination of parental rights and the petition for adoption. A sealed copy of this information is forwarded to the Department of Health, who shall retain this information. The adult adopted child or the legal guardian of the minor adopted child may apply for access to this information and the Department of Health may release such information without court order.

Technical and nonsubstantive amendments have been made to the bill for purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2332, 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. 2332, S.D. 1, H.D. 1, C.D.1.

Senators Hee, Holt, Reed, B. Kobayashi, Solomon
Managers on the part of the Senate

Senators Holt and B. Kobayashi did not sign the report.

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

Representatives Yoshimura and Hemmings Jr. did not sign the report.

Conf. Com. Rep. No. 264 on S.B. No. 2124

The purpose of this bill is to provide statutory guidelines for the issuance of special permits for the possession, transportation, and use of firearms with blank cartridges in the State as film props.

The Committee has amended the bill as follows:

- (1) Section 3 of the bill is changed to Section 2 and non-substantive changes have been made to the wording of the statutory section.
- (2) The new section which provides for the special permit is amended by replacing the section with the S.B. No. 2124, S.D. 1 draft, of the new section, except for the following changes:
 - a) County police instead of the attorney general shall have the authority to issue permits; and
 - b) The permit fee is changed to \$50.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2124, 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. 2124, S.D. 1, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 265 on H.B. No. 73

The purpose of this bill is to provide Hawaiians, native Hawaiian individuals and Native Hawaiian organizations and successors to homestead leases under section 209 of the Hawaiian Homes Commission Act the right to sue in the courts of the State to facilitate the administration of certain public trusts created or adopted under the Admissions Act and the Constitution of the State of Hawaii.

The bill as received by the conference committee was designed to give the beneficiaries of two different public trusts a right to sue in State courts to resolve controversies relating to these trusts. The right was conditioned upon the intended beneficiary of the right first filing a claim with a statutorily established Hawaiian Claims Conciliation Panel. Disputes would be arbitrated and all claims, awards or judgments would be reported to the Claims Conciliation Panel which would then submit a report to the legislature. The awards and judgments would receive legislative review and analysis before any payment is made to the intended beneficiaries.

Under the foregoing prerequisites to a lawsuit against the State, the State would waive its immunity for the actions of its officers and employees in the performance of their duties and responsibilities under the two respective public trusts. The recipient of any award or judgment would be barred from suing the State for any claim which arose out of the same subject matter.

Your conference committee upholds the bill's fundamental intent of giving the beneficiaries of these public trusts, having a meritorious claim against the State, a right to enforce the objectives of the trusts through the State courts, and to do so under conditions which are designed to protect the trust property from future mismanagement, to encourage timely and appropriate disposition of trust funds and property, and, concurrent with this right to sue, to discourage frivolous lawsuits.

The bill adds a new Chapter to be called "Native Hawaiian Trusts Judicial Relief Act". Some of the noteworthy sections in the bill include a waiver of immunity, an expressed right to sue provision, exhaustion of administrative remedies as a precondition to a lawsuit, deterrence against frivolous suits, and provisions for prospective applications of the rights given in this bill, with an exception, if specific conditions are met, for lawsuits by individual beneficiaries suffering actual damages sustained prior to the effective date of this Act.

With the conference committee in agreement on the fundamental concept of the right to sue, an abbreviated discussion of noteworthy provisions appears justified in light of the complex issues raised by this bill.

1. Waiver of immunity. This section denies the State the defense of immunity in a lawsuit by a beneficiary who is given the right to sue by this bill. The waiver covers lawsuits directed against the State for any breach of trust or fiduciary duties of its employees, agents and officers in the management and disposition of trust funds and resources of the respective public trusts. A description of each trust is provided in the bill by reference to specific provisions in the State Constitution.

Punitive damages are not allowed, and the State, in lawsuits under this chapter, would be treated in the same way as a private individual under similar circumstances.

Exceptions to the waiver of immunity by the State are listed, and include acts or omissions of the State's officers and employees which may not realize maximum revenues to the trusts, so long as the trust is administered in the sole interest of the beneficiaries.

The waiver of immunity that is established in this bill is not intended to affect in any way the right of the State to interpose the defense of immunity in a claim for which a remedy is provided elsewhere in the statutes, or to alter the application of section 10-16 to the Office of Hawaiian Affairs.

2. Right to sue. Complementary to the State's waiving its immunity in breach of trust claims, the bill confers a right to sue specifically to the beneficiaries of the Hawaiian Homes Land Trust to resolve controversies involving that specific trust. Under this trust, the beneficiaries who are entitled to sue are the Native Hawaiians as defined in section 201(a)(7) of the Hawaiian Homes Commission Act, the Office of Hawaiian Affairs, Hawaiians, defined as any person who is qualified to succeed to a homestead lease under section 209 of the Hawaiian Commission Act, 1920, as amended, and Native Hawaiian organizations that have as their purpose the protection and upholding of the Hawaiian Homes Commission Act and the Admission Act section 5(f).

The right to sue in State courts is also given to those beneficiaries of the Native Hawaiian Public Trust to resolve controversies relating to that trust. These beneficiaries with the right to sue concomitant to the State's waiver of immunity, are the Native Hawaiians and the Office of Hawaiian Affairs.

3. Exhaustion of administrative remedies. To provide for an opportunity to administratively settle trust management controversies, the bill requires that the party who files a suit under this chapter, must first exhaust all administrative

remedies available, and must give written notice of the lawsuit at least 60 days before the suit is filed. Giving notice of the intent to file a lawsuit may forestall a filing if the claim can be administratively satisfied. The executive departments are required to adopt rules for exhaustion of remedies.

4. Scope of relief. Direct, monetary, out of pocket losses, suffered by a beneficiary individually but not in common by the beneficiary class, may be recovered, but excluding non-economic losses as defined in section 663-8.5, HRS, and consequential damages. In all other cases, awards are limited to awards of land or money to restore the trust which may have been depleted as a result of a breach of trust.

5. Attorney's fees and costs. To prevent frivolous claims, the bill provides for an award to cover reasonable costs and expenses, including reasonable attorney's fees, if a specific finding is made that a claim or defense was frivolous. To reimburse a prevailing plaintiff, reasonable costs and attorney's fees may be awarded.

Several other provisions were included in the bill to eliminate the possibility of double recovery for claims arising out of the same act or omission of a State officer or employee, and to prevent the use of the Native Hawaiian Trusts Judicial Relief Act to interpret other laws which may have similar purposes.

No liability of the State can be implied and awards to be made against the State must be based on the same kind of legal evidence as would establish liability against an individual or corporation.

The Native Hawaiian Trusts Judicial Relief Act is not applicable to resolve controversies involving the proportionate share of ceded land or special fund revenues allocated to the Office of Hawaiian Affairs by the legislature.

A two year statute of limitations is established, but to allow time for an administrative resolution of the controversies relating to the management and disposition of the trust res, the statute is tolled until July 1, 1990, and if an administrative proceeding is commenced before the two year statute of limitations, the statute is also tolled until 90 days after the administrative proceeding is completed.

The Act is not applicable to causes of action that accrued, rights and duties that matured, penalties that were incurred, or proceedings that were begun, prior to July 1, 1988.

Section 4 of the bill makes the application of the right to sue prospective only from July 1, 1988.

Section 5 establishes several conditions which must occur before any claim can be brought for actual damages, as defined in this Act, sustained between August 21, 1959 and the effective date of this Act. This section was specially designed to give the administration an opportunity to submit a proposal to resolve controversies which arose between August 21, 1959, and the effective date of this Act. Under this specially designed provision, if the governor submits such a proposal, and the legislature takes no action, or accepts or adopts the governor's proposal, then no claims for actual damages which occurred prior to the effective date of this Act can be brought under this Act.

These claims for actual damages are allowed only if two different combinations of events occur. The first combination is when the governor fails to present a proposal to the legislature to resolve controversies relating to the trusts and no other means of resolving the controversies is otherwise provided by law by July 1, 1991. The second combination of events is when the governor presents a proposal, but a resolution calling for the rejection of the proposal is adopted by two-thirds vote of the house introducing the resolution and no other means of resolving the controversies is otherwise provided by law by July 1, 1991. If one or the other combination occurs, then and only then will an individual beneficiary be able to institute a claim for actual damages sustained prior to the effective date of this Act.

The effective date of this Act is July 1, 1988.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 37, 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. 37, H.D. 1, S.D. 2, C.D. 1.

Senators Hee, Aki, Holt, Solomon and A. Kobayashi
Managers on the part of the Senate

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

Conf. Com. Rep. No. 266 on H.B. No. 3292

The purpose of this bill is to increase the statutory compensation payable to trustees annually out of principal from one tenth of one per cent to one and one-half tenths of one per cent. The bill also makes technical non-substantive changes to Section 607-18 for the purpose of style and clarity.

Your Committee, upon further consideration, has made an amendment to this bill to increase the rate of compensation to three tenths of one per cent.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3292, 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. 3292, H.D.1, S.D. 2, C.D. 1.

Senators Hee, Cobb, Solomon and A. Kobayashi
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. 267 on S.B. No. 2523

The purposes of this bill are to exempt jurors and witnesses from paying fines for parking violations while attending court duties. The effect of this bill is to exempt jurors from prosecution, penalty, or fine as a result of a parking violation committed in the juror appearing at court for jury duty.

Your Committee agrees with the intent of the bill to remove the penalty for parking violations on jurors and witnesses who are providing an important public service.

Your Committee has amended the bill as follows:

- 1) Replaced the phrase in subsection (c) from "All jurors should" to "All jurors shall".
- 2) Clarified the language in subsection (c) that the parking citation shall be presented to the court clerk of the circuit court or the jury pool clerk, since jurors are only in attendance in circuit court.
- 3) As to witnesses, the language has been clarified that the clerk of court shall keep the attendance roll for witnesses summoned to appear in court, including family court.
- 4) Adopting section 3 of H.D. 1, by adding a provision that the lessee of a motor vehicle is responsible for any parking citation which is responsible for any parking citation which is issued on that motor vehicle. The lessor must provide the address of the lessee to the court and in lieu of providing the address, pay an administrative fine of \$5.00 to the court.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2523 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. 2523 S.D. 1, H.D. 1, C.D. 1.

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

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

Representatives Yoshimura and Hemmings Jr. did not sign the report.

Conf. Com. Rep. No. 268 on S.B. No. 2565

The purpose of this bill is to add a new section to Chapter 712, Hawaii Revised Statutes, which makes promoting a controlled substance in, on, or near public or private elementary or secondary schools a class C felony.

The distribution and use of drugs in and near our school to school children has been on the increase and is a major concern in our community. This bill will give law enforcement officers the power to conduct investigations of drugs dealers who operates in the vicinity of the schools.

Your Committee upon further consideration has made the following amendment to S.B. No. 2565, S.D. 1, H.D. 1:

- (1) The distance within which promoting a controlled substance in, on, or near schools is an offense has been decreased from one thousand feet to seven hundred and fifty feet of the real property comprising a public or private, elementary or secondary school.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2565, 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. 2565, S.D. 1, H.D. 1, C.D. 1.

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

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

Representative Hemmings Jr. did not sign the report.

Conf. Com. Rep. No. 269 on S.B. No. 2451

The purpose of this bill is to give statutory authority to the State and counties to recover from a liable third party all payments paid under Section 79-15, Hawaii Revised Statutes, as a consequence resulting from injuries arising in the performance of duty.

The effect this bill is to enable the State, counties, and public employees to proceed against third parties for benefits paid or lost in the same and like manner as the recoupment of workers' compensation benefits are recovered under §386-8.

Your Committee upon further consideration has made the following amendment to S.B. No. 2451, S.D. 2, H.D. 1:

- (1) The State, any county, employee or any public officer and remedies contained in or provided for under section 386-8, Hawaii Revised Statutes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2451, 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. 2451, S.D. 2, H.D. 1, C.D. 1.

Senators Hee, Chang, Reed, Holt and Nakasato
Managers on the part of the Senate

Senator Holt did not sign the report.

Representatives Takamine, Metcalf, Cachola, Kotani and Marumoto
Managers on the part of the House

Representatives Cachola and Kotani did not sign the report.

Conf. Com. Rep. No. 270 on S.B. No. 2559

The purpose of this bill is to allow the prosecuting attorney to appear and present oral and written testimony at minimum term and parole hearings before the Hawaii Paroling Authority; to require the Hawaii Paroling Authority to adopt guidelines for the uniform determination of minimum sentences; and to allow attendance by the victims, surviving immediate family member, or designees at minimum term hearings.

Presently, hearings before the Paroling Authority are conducted with the presence of the defendant and his counsel. Prosecuting attorneys are presently allowed to make oral presentation at these hearings. This bill codifies the procedure permitting the prosecuting attorney to attend parole hearings and present oral and written testimony. However, the Committee is concerned that oral testimony may be interpreted to include testimony by witnesses. In keeping with the intent that the hearings before the Paroling Authority be non-adversarial in nature, the Committee amended the bill by replacing "oral testimony" with "oral comment". This amendment will make clear that oral presentation by the prosecuting attorney shall not include testimony from witnesses but instead shall take the form of only oral comments. The bill retains the provision which permits the prosecuting attorney to present written testimony from any interested party.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2559 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. 2559 S.D. 1, H.D. 1, C.D. 1.

Senators Hee, Solomon and George
Managers on the part of the Senate

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

Representative Shito did not sign the report.

Conf. Com. Rep. No. 271 on S.B. No. 2922

The purpose of this bill is to amend section 712-1242 by making possession of one-eighth ounce or more of methamphetamine an offense of Promoting a Dangerous Drug in the Second Degree.

Previous testimony received from the law enforcement agencies reported a dramatic rise in the sale, use or possession of "crystal meth", a concentrated street version of the drug methamphetamine. This bill is intended to control this street drug "crystal meth" by lowering the threshold weight of crystal meth before it becomes subject to the offense of Promoting a Dangerous Drug in the First Degree. However, it is intended that illegal distribution of prescription methamphetamine that is in capsule or tablet form remains to be prosecuted under paragraph (1)(b)(i) of the statute.

Your Committee finds that the addition of the term "non-prescription" to describe methamphetamine is unnecessary since the dispensing of controlled substances is covered under sections 329-38 and section 712-1240.1 which provides for a defense in a prosecution for promoting a dangerous, harmful or detrimental drug if the drug was possessed or distributed under authority of law.

Accordingly, your Committee has amended the bill by deleting the term, "non-prescription".

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2922, 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. 2922, S.D. 1, H.D. 1, C.D. 1.

Senators Hee, Menor and George
Managers on the part of the Senate

Senator Menor did not sign the report.

Representatives Metcalf, Bellinger, Hiraki, Yoshimura and Hemmings Jr.

Managers on the part of the House

Representatives Hiraki and Yoshimura did not sign the report.

Conf. Com. Rep. No. 272 on S.B. No. 2418

The purpose of this bill was to require mortgage lenders to release mortgages on a timely basis.

Under this bill, Hawaii law provides for releases covering consumer goods, yet no law currently exists to address the far more significant issue of home mortgages and mortgages on other real property. This bill requires mortgagees to provide mortgagors with a release of mortgage upon full satisfaction of the mortgage and discharge of the debt secured thereby, to be acknowledged and recorded in the bureau of conveyance or the office of the assistant registrar of the land court. The release must be provided within sixty days from the date of written request therefore by any interested party. In addition, the bill provides legal remedies to obtain such release if it is not duly provided.

Your Committee upon further consideration has made the following amendments to S.B. No. 2418, S.D. 2, H.D. 1:

- (1) The title to the section was changed and other technical and non-substantive changes were made for style.
- (2) The plaintiff shall be entitled to treble damages and reasonable attorneys fees incurred in having to bring the action upon a finding of good cause by the court, unless the court finds that the mortgage had a reasonable basis for believing that a dispute existed as to whether the mortgage should have been released.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2418, 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. 2418, S.D. 2, H.D. 1, C.D. 1.

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

Senator Holt did not sign the report.

Representatives Metcalf, Hirono, Bellinger, Hagino and Hemmings Jr.
Managers on the part of the House

Representative Hagino did not sign the report.

Conf. Com. Rep. No. 273 on H.B. No. 3408

The purpose of this bill is to provide for a review of the State's discrimination laws and the current policies, procedures, and staffing of the respective state departments and agencies with respect to the enforcement of such laws for the purpose of determining the necessity of establishing a civil rights commission.

The original purpose of this bill was to establish a civil rights commission into which all enforcement responsibilities of the State's discrimination laws were to be consolidated.

The effect of H.B. No. 3408, H.D. 2, S.D. 2, is to direct the legislative auditor, with assistance from the legislative reference bureau and other agencies and groups, to review all state discrimination laws and current policies, procedures, and staffing of state departments and agencies responsible for enforcement of such laws, and to report its recommendations to the legislature not less than twenty days prior to the convening of the 1989 regular session. A sum of \$10,000, is appropriated for the legislative reference bureau to assist the legislative auditor.

Your Committee has considered the original purpose of the bill and agrees that establishment of a civil rights commission and a uniform procedure for the enforcement of the State's discrimination laws will best serve the State's interest in combatting invidious discrimination.

Accordingly, your Committee has made the following amendments to H.B. No. 3408, H.D. 2, S.D. 2:

- (1) Section 1, Purpose and intent are amended to reflect original purpose of intent. Section 1 is amended by adding a new Hawaii Revised Statutes chapter designated as "Civil Rights Commission".
- (2) Section 2 is added regarding preservation of all existing rights and remedies relating to the enforcement of current discrimination laws.
- (3) The section which provides for review and recommendations regarding all state discrimination laws, and the current policies, procedures, and staffing of state departments and agencies responsible for enforcement of such laws is amended to give responsibility for review and submission of report of findings and recommendations to the department of labor and industrial relations. The scope of the review is amended to reflect the amended purpose of the bill.
- (4) The section which provides for an appropriation to carry out the purpose of the Act is amended to provide the appropriation to the department of labor and industrial relations.
- (5) The effective date of the Act is amended so that the Act shall take effect July 1, 1989; provided, Section 3 and 4 shall take effect upon approval.

Your Committee has further amended this bill to make technical and non-substantive amendments for the purpose of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3408, 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. 3408, H.D. 2, S.D. 2, C.D. 1.

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

Senator Mizuguchi did not sign the report.

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

Conf. Com. Rep. No. 274 on S.B. No. 2522

The purpose of this bill is to remove the statutory requirement for an owner's duplicate copy of the original Transfer Certificate of Title in the Land Court registration system.

Under this bill, Chapter 501, Land Court Registration, will be amended by deleting all references to the owner's duplicate Transfer Certificate of Title (TCT). Thus, no owner's duplicate TCT will be issued by Land Court, the duplicate will not have to be presented when liens are filed against the property, and the duplicate will not have to be surrendered upon conveyance.

Your Committee upon further consideration has made the following amendments to S.B. No. 2522, H.D. 1, C.D. 1:

- (1) The Committee adopted the reasons cited in Senate Standing Committee Report No. 2258 and House Standing Committee Report No. 1176-88 in support of the purpose of this bill.
- (2) The Committee has amended the bill by deleting language pertaining to the duplicate TCT in §501-84 that was not deleted due to an oversight. Punctuation, stylistic, typographical corrections were made to §501-118, §501-137, §501-218(21), and §501- (in Section 25 of the bill).

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2522, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2522, H.D. 1, C.D. 1.

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

Senator McMurdo did not sign the report.

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

Representative Hemmings Jr. did not sign the report.

Conf. Com. Rep. No. 275 on S.B. No. 2441

The purpose of this bill is to recodify the provisions of the Firearms, Ammunition and Dangerous Weapons Act, Chapter 134, Hawaii Revised Statutes.

The Committee has amended the bill to provide that the time limitation for registering firearms after the holder's arrival in the State is three days.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2441, 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. 2441, S.D. 1, H.D. 1, C.D. 1.

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

Senator Reed did not sign the report.

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

Representatives Hiraki and Medeiros did not sign the report.

Conf. Com. Rep. No. 276 on S.B. No. 2112

The purpose of this bill is to broaden the definition of "fugitive from justice" under section 134-1, Hawaii Revised Statutes, to include persons who have fled the United States to avoid lawful extradition from the United States.

Your Committee finds that the intent of this bill is to prohibit possession or ownership of firearms by the individual who has fled a foreign country and is avoiding extradition back to that foreign country. Under the current draft of this bill, it is unclear whether the proposed language incorporates this intent. Accordingly, your Committee has amended this bill to define such a fugitive as any person who "has fled from any country other than the United States and is avoiding lawful extradition back to that country".

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2112, H.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 2112, H.D. 1, C.D. 1.

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

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

Conf. Com. Rep. No. 277 on S.B. No. 2923

The purpose of this bill is to amend section 712-1242 by making possession of one-eighth ounce or more of methamphetamine an offense of Promoting a Dangerous Drug in the Second Degree.

Previous testimony received from the law enforcement agencies reported a dramatic rise in the sale, use or possession of methamphetamine or "crystal meth", a concentrated street version of the drug methamphetamine. This bill is intended to control this street drug "crystal meth" by lowering the threshold weight of crystal meth before it becomes subject to the offense of Promoting a Dangerous Drug in the Second Degree. However, it is intended that illegal possession of prescription methamphetamine that is in capsule or tablet form remains to be prosecuted under paragraph (1)(a)(i) of the statute.

Your Committee finds that the addition of the term "non-prescription" to describe methamphetamine is unnecessary since the dispensing of controlled substances is covered under sections 329-38 and section 712-1240.1 which provides for a defense in a prosecution for promoting a dangerous, harmful or detrimental drug if the drug was possessed or distributed under authority of law.

Accordingly, your Committee has amended the bill by deleting the phrase, "non-prescription".

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2923, 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. 2923, S.D. 1, H.D. 1, C.D. 1.

Senators Hee, Menor and George
Managers on the part of the Senate

Senator Menor did not sign the report.

Representatives Metcalf, Bellinger, Hagino, Hayes and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 278 on S.B. No. 2924

The purpose of this bill is to establish in the penal code the offenses of negligent injury in the first and second degrees and to redefine and establish three degrees of negligent homicide. The effect of this bill is to impose criminal penalties upon a person whose negligent driving results in serious or substantial bodily injury to another person. The bill further redefines negligent homicide in the first degree as a class B felony where a person under the influence of drugs or alcohol causes the death of another person while operating a vehicle in a negligent manner.

Your Committee feels that stronger measures are needed to protect the public and to deter those who negligently operate a motor vehicle and cause injury or death to others especially while under the influence of drugs or alcohol.

Your Committee upon further consideration has made the following amendments to S.B. No. 2924, S.D. 1, H.D. 1:

- (1) Negligent homicide in the first degree is a class B felony where a person operates a motor vehicle in a negligent manner while under the influence of drugs or alcohol and causes the death of another;
- (2) Negligent homicide in the second degree is a class C felony where a person operates a motor vehicle in a negligent manner and causes the death of another;
- (3) Negligent homicide in the third degree is a misdemeanor when a person causes the death of another person in a manner which is simple negligence;
- (4) Negligent injury in the first degree is a class C felony where a person operates a motor vehicle in a negligent manner and causes serious bodily injury to another person; and
- (5) Negligent injury in the second degree is a misdemeanor where a person operates a motor vehicle in a negligent manner and causes substantial bodily injury to another person.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2924, 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. 2924, S.D. 1, H.D. 1, C.D. 1.

Senators Hee, Solomon and George
Managers on the part of the Senate

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

Representative Hiraki did not sign the report.

Conf. Com. Rep. No. 279 on S.B. No. 3264

The purpose of this bill is to provide appropriations to meet the needs of the State through various capital improvement projects. As originally received, this bill appropriates the sum of \$12,602,000 to satisfy this purpose.

This bill in its amended form, appropriates an additional \$12,613,000 in general funds for capital improvement projects. Therefore, as amended, this bill appropriates the sum of \$25,215,000.

Your Committee, in Conference Draft 1, amended this bill by adding, amending or lapsing capital improvement projects from Act 217, SLH 1987. These projects have been identified to amend Act 217, SLH 1987 such that the amendments, additions and reductions will not have an adverse impact on the planned capital improvement program.

Upon reconsideration, your Committee has further amended this bill by correcting typographical errors and by changing the effective date from "July 1, 1988" to "upon its approval".

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. 3264, S.D. 1, H.D. 1, C.D. 1, as amended herein, and recommends it pass Final Reading in the form attached hereto as S.B. No. 3264, S.D. 1, H.D. 1, C.D. 2.

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

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

Conf. Com. Rep. No. 280 on H.B. No. 3396

The purpose of H.B. No. 3396, H.D. 1, S.D. 1 is to set forth two potential sites for a convention center.

The bill provided for the designation by the legislature of either the Aloha Motors site or the Magoon Estate site as the Waikiki convention center district by June 30, 1989; and also provided for the designation of the Ala Wai golf course as the convention center district effective July 1, 1989 if the legislature did not designate either of the Aloha Motors site or the Magoon Estate and did not repeal the provisions designating the Ala Wai golf course site as the convention center district. Other provisions relating to the development of the designated site were also contained in the bill.

The bill, as amended herein, designates the site popularly known as the International Market Place (the International Market Place site includes the property under the International Market Place shopping arcade, the Kuhio Mall, and Coral Reef Hotel) as the convention center district for a convention center, to provide for the development of improvements within the district, and to establish an authority to oversee the development of the convention center and other improvements within the district. The existing facilities in Hawaii are inadequate to accommodate the needs of many convention groups and, therefore, Hawaii has not been able to attract this segment of the market. Based upon the studies made regarding the location of a convention center, the primary criteria is a centrally located facility which is easily accessible to major hotels and within walking distance.

Hawaii's visitor industry concerns every citizen in the State. It is, thus, in the public interest to ensure the proper growth and desired quality for this industry. The establishment of a world class convention center in Waikiki, the heart of Hawaii's tourist industry, would improve and stabilize the industry and Hawaii's general economy. As one of the most valuable areas in this State because of its importance to the tourism industry, Waikiki is deserving of the State's concern and effort to maintain and enhance Waikiki as the paradise venue for the tourist throughout the world.

This bill establishes the Waikiki convention center authority, as an instrumentality of the State, which shall consist of seven members. The governor shall nominate and appoint three members, one of which shall be representative of the visitor industry in Hawaii. The governor shall also appoint each of the remaining four members from nominations submitted by the president of the senate, speaker of the house of representatives, mayor of the city and county of Honolulu, and the chairperson of the city council of the city and county of Honolulu, respectively. All of the members appointed by the governor shall be by and with the advice and consent of the senate.

The primary purpose of the authority shall be to review and approve plans, specifications, and designs to be submitted by the convention center development plan by a private developer for the development of a convention center facility, and ancillary hotel or condominium units, commercial, retail and office space, and other improvements which would increase the utilization of the convention center facility within the convention center district. In order to accommodate a commercially feasible project by a private developer incorporating a convention center facility to be dedicated to the State at no cost to the State, variance from existing state and/or county ordinances and rules relating to, among other things, the use, zoning, planning, and development of land and construction thereon will need to be provided to some extent. The authority is given the power under this bill to establish rules that would supersede such inconsistent plans, ordinances and rules in order to implement the construction of the convention center facility for the benefit of the State.

In addition to the powers granted herein for purposes of facilitating the construction of the convention center facility, the authority is given the power under this bill to acquire property by condemnation pursuant to chapter 101. If, for example, the authority exercises its right of condemnation with respect to the fee interest in the land, this shall in no way affect the property interests of the lessees holding an interest in the land upon which the convention center facility is built. Notwithstanding any provision contained in any contract or lease affecting an interest in the land upon which the convention center facility is built, your Committee intends that the authority's exercise of its right to condemnation shall not in any way, be a breach of any term and/or condition contained in any contract or lease, and shall not affect or terminate such lessees' interest in the land.

In order to facilitate the successful completion of the convention center facility, the authority shall review and approve a convention center plan which shall have been prepared by a private developer. The private developer shall work in concert with the present holders of any interest in the property underlying the site. It is also the desire of your Committee that the holders of any interest in the property shall work in concert with the private developer in a good faith attempt to resolve any problems which may arise. It is in the State's best interest to have the convention center facility built and completed within a reasonable amount of time. In order to achieve this goal, a convention center development plan should be approved within three years after the authority is empaneled, although it is your Committee's expectation that such plan be approved as soon as possible. The construction period has been estimated to be approximately three years after ground breaking.

The bill requires the private developer to prepare and submit for approval by the authority a relocation plan for the relocation of the licensees/lessees now validly operating businesses within the convention center district. In furtherance of the relocation plan, the bill provides that the private developer shall deliver to the authority for deposit into the Waikiki convention center development revolving fund the sum of \$5,000,000 for use, in the discretion of the authority, to defray some of the losses and/or expenses incurred by such licensees/lessees. The sum shall be deposited upon the approval by the authority of the relocation plan. The sum shall be refunded to the private developer if the Act expires under Section 3 of the Act. Additionally, the bill provides that the relocation plan shall include agreement by the private developer to give every displaced licensee or lessee an unassignable right of first refusal of any license or lease of space within the convention center district developed and offered for such activities similar in size and nature of the business conducted by the licensee or lessee at the time of displacement unless such right is waived by any licensee or lessee. Finally, to ensure that the current operations of the licensees and lessees within the Waikiki convention center district will continue for at least another year, your Committee has provided that groundbreaking for the commencement of the development shall not occur prior to July 1, 1989.

It is the intention of your Committee that the convention center facility remain a public facility for the benefit of all of the people of the State of Hawaii. The bill provides for the private developer to dedicate to the State, the marketable real property interest(s) representing the convention center facility, subject to any declaration of horizontal property regime, in order that the authority may operate the facility. Upon such dedication, the private developer shall not require the State to pay for its ownership interest in the convention center facility.

For a period of two years from the date of the dedication the private developer shall manage, operate and maintain the convention center facility. All profit and loss for the two-year period from the management, operation and maintenance of the convention center facility shall accrue to, or be suffered by, the private developer. The authority shall thereafter manage, operate and maintain the convention center facility.

Your Committee has provided for an appropriation of \$250,000 for fiscal years 1988-1989 for the establishment and expenses of the authority, including the expenses of the hiring of staff.

Your Committee has also provided for the appropriation of \$13,000,000 for the renovation of Neal Blaisdell Center to accommodate local demand for increased exhibition, trade show, public show, and convention space. The renovated accommodation at the Neal Blaisdell Center will better serve the local demand and thereby increase the operational efficiency and effectiveness of the Waikiki convention center by allowing the Waikiki convention center authority to concentrate its efforts on the establishment, operation, and management of a convention center.

Additionally, as a disincentive to unseemly delays by the private developer in the prosecution of the development pursuant to the convention center development plan, your Committee has provided in the bill that unless the convention center development plan of the private developer is approved by the authority within three years from the initial empanelling of all the members of the authority, the Act shall automatically expire.

The selection of the site from among the several sites considered by your Committee was difficult because the other sites possessed many similar desirable site evaluation factors. Your Committee, however, finds the selection assuring because the site selected possesses the similar desirable site evaluation factors such as proximity to lodgings, accessibility to visitor amenities and the proximity to the lure that is Waikiki beach which factors would favorably determine the convention center's marketability to the prospective convention sponsor. Your Committee was also persuaded by the presence of a ready developer and the opportunity to acquire a convention center at no cost to the State in the circumstances of the site selected. For the reasons aforesaid, your Committee believes the site selected is a fair and promising choice.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3396, 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. 3396, H.D. 1, S.D. 1, C.D. 1.

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

Representatives Cachola, Souki, Kanoho, Kotani and Jones
Managers on the part of the House

Conf. Com. Rep. No. 281 on H.B. No. 2032

The purpose of this bill is to create the mechanism whereby the State of Hawaii would become a leader in the field of telecommunications and information technology in the Pacific Basin and throughout the world.

Your Committee has amended this bill by deleting the figure of \$70,000 and inserting the figure of \$700,000 in section 11.

Your Committee has further amended this bill by making technical, nonsubstantive amendments for the purposes of style and clarity.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2032, H.D. 2, S.D. 2, C.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2032, H.D. 2, S.D. 2, C.D. 2.

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

Representatives D. Ige, Souki, Fukunaga, Ihara Jr., and O'Kieffe
Managers on the part of the House

Conf. Com. Rep. No. 282 on H.B. No. 2096

The purpose of this bill is to expand and clarify the authority of the Aloha Tower Development Corporation, including the expansion of the Aloha Tower Complex boundaries. Inasmuch as significant steps have been taken towards implementing a master plan of the Honolulu waterfront, improving the development viability of the Aloha Tower project is timely and consistent with that planning effort.

Upon further consideration, your Committee has amended this bill by deleting the section pertaining to lease projects.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2096, S.D. 2, C.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 2096, S.D. 2, C.D. 2.

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

Representatives Shito, Kawakami, Shon, Tom and Hemmings Jr.
Managers on the part of the House

Conf. Com. Rep. No. 283 on S.B. No. 3197

The purpose of this bill is to increase the conveyance tax and to provide that the conveyance tax revenues collected be deposited into the rental assistance revolving fund to assist qualified families in making rent payments, or into any other fund established under chapter 201E to meet the housing needs of the homeless, the elderly, and the disadvantaged.

Your Committee has amended this bill by changing the effective date from July 1, 1988 to July 1, 1989 to allow adequate time to fully implement the proposed changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 3197, S.D. 2, H.D. 2, C.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as S.B. No. 3197, S.D. 2, H.D. 2, C.D. 2.

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

Representatives Shito, Souki, Fukunaga, Hagino and Cavasso
Managers on the part of the House

Representatives Hagino and Cavasso did not concur.

Conf. Com. Rep. No. 284 on S.B. No. 2124

The purpose of this bill is to provide statutory guidelines for the issuance of special permits for the possession, transportation, and use of firearms with blank cartridges in the State as film props.

The Committee has amended the bill by making a technical, non-substantive change in the identification of the bill at the top of the bill page.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2124, 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. 2124, S.D. 1, H.D. 1, C.D. 2.

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

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

Conf. Com. Rep. No. 285 on S.B. No. 2522

The purpose of this bill is to remove the statutory requirement for an owner's duplicate copy of the original Transfer Certificate of Title in the Land Court registration system.

Under this bill, Chapter 501, Land Court Registration, will be amended by deleting all references to the owner's duplicate Transfer Certificate of Title (TCT). Thus, no owner's duplicate TCT will be issued by Land Court, the duplicate will not have to be presented when liens are filed against the property, and the duplicate will not have to be surrendered upon conveyance.

Your Committee upon further consideration has amended the bill by correcting an inadvertent deletion on pages 30 and 31 of the bill.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2522, 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. 2522, H.D. 1, C.D. 2.

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

Senator McMurdo did not concur.

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

Conf. Com. Rep. No. 286 on S.B. No. 2441

The purpose of this bill is to recodify the provisions of the Firearms, Ammunition and Dangerous Weapons Act, Chapter 134, Hawaii Revised Statutes.

The Committee has amended the bill to provide that the time limitation for registering firearms after the holder's arrival in the State is three days. Your Committee also amended the bill to provide for physical inspection of firearms in the possession and control of persons licensed to sell firearms by the chief of police of each county during normal business hours at the licensee's place of business.

Your Committee has also amended the bill by making technical nonsubstantive changes.

Your Committee on Conference is in accord with the intent and purpose of S.B. No. 2441 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. 2441 S.D. 1, H.D. 1, C.D. 2.

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

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

Conf. Com. Rep. No. 287 on H.B. No. 3068

The purpose of this bill is to : (1) provide protection against civil liability for a health care professional who appears as a witness and provides information about another health care professional in a professional review proceeding.

Your Committee finds that this bill will strengthen the procedures to ensure quality medical care and protect the right to due process of all health care professionals.

Your Committee upon further consideration has amended the bill to provide in Chapter 663 that in any civil action where a party seeks money damages or injunctive relief, or both, against another, the court may assess reasonable attorneys fees against a party upon a finding that the party's claim or defense was frivolous.

Your Committee has made a technical amendment.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3068, 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. 3068, S.D. 1, C.D. 2.

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

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

Conf. Com. Rep. No. 288 on H.B. No. 2080

The purpose of this bill is to clarify the various offenses giving rise to forfeiture, the property subject to forfeiture, the procedures for forfeiture, and the disposition of forfeiture proceeds.

The bill provides a limit of three million dollars per year which may be distributed pursuant to the bill's provisions. Any amount over the limit shall go to the State's general fund. Your Committee strongly cautions that this limit must be adhered to and that in forfeiture activities, the law enforcement community must respect the Supreme Court ruling relating to pornography.

The bill sets forth exceptions to forfeiture which are consistent with the exceptions to forfeiture under federal law and requires filing of lis pendens when property forfeited is real property.

Your Committee is concerned about protecting innocent third parties, especially owners and interest holders of real property. Your Committee believes that the exceptions, including those based on the absence of knowledge and consent of the owner, fulfill the objective of protecting innocent parties. For example, forfeiture of property would not occur under this bill's provisions if a household member or a tenant had committed or was committing any of the covered offenses upon the property when the property owner does not consent to the offenses committed. Furthermore, a purchaser would not be subject to forfeiture of real property upon which the previous tenant or owner had committed or was committing any of the covered offenses when the purchaser does not consent to the offenses committed.

Your Committee has added a drop dead clause so that the bill's provisions would be replaced on June 30, 1990.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2080, 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. 2080, H.D. 1, S.D. 1, C.D. 2.

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

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

Conf. Com. Rep. No. 289 on H.B. No. 3408

The purpose of this bill is to provide an effective mechanism for the enforcement of the State's discrimination laws by establishing a civil rights commission into which all enforcement responsibilities are to be consolidated.

Presently, statutorily mandated enforcement responsibilities for the State's discrimination laws are divided primarily among several agencies within the department of commerce and consumer affairs. Enforcement of discrimination laws is only one of many other important functions of these departments and the enforcement programs must compete with other departmental programs for priority status. Typically, the enforcement agencies are hampered in their delivery of services because of limited fiscal and personnel resources.

Your Committee amended this bill to have the legislative auditor instead of the department of labor and industrial relations conduct the review.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 3408, H.D. 2, S.D. 2, C.D. 1, as amended herein, and recommends that it pass Final Reading in the form attached hereto as H.B. No. 3408, H.D. 2, S.D. 2, C.D. 2.

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

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

Representative Medeiros did not sign the report.

Conf. Com. Rep. No. 290 on H.B. No. 2483

The purpose of this bill is to provide for a supplemental appropriation to the judiciary for the 1988-1989 fiscal year.

In reviewing the supplemental budget of the judiciary, your Committee carefully examined each item, keeping in mind the overall objectives and outcomes desired based on the planning, programming and budgeting system of the State.

Your Committee has found that there is a clear lack of program evaluation and the budget process. In many cases there was no justification for the Judiciary's budget requests.

The Judiciary must exercise more responsibility with respect to administrative management, planning, and budgeting. Recommendations made by the Legislative Auditor and the Citizens panel were managerial in nature, and there is no indication that implementation of these requests will allow the Judiciary to address the problems identified in the Auditor's Report.

Your Committee provided positions to enable the Judiciary to begin to address the increasing workload inherent to a growing organization. Due to problems in recruiting and retaining temporary clerical personnel, positions and funds were provided for permanent positions in those courts where additional manpower needs are indicated. Your Committee also realizes the importance of adequate administrative support personnel, and therefore funded positions to enable the judiciary to be accountable and consistent in their purchasing and fiscal operations.

As the Family Courts in the second and third circuit have been faced with increased cases, your Committee has provided one District Family Court Judge and related staff for the second and third circuit. Additionally, a Chief Clerk position has been provided for the third circuit.

Your Committee on Conference is in accord with the intent and purpose of H.B. No. 2483, 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. 2483, H.D. 2, S.D. 1, C.D. 1.

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

Senators Aki, Hagino and Ikeda did not sign the report.

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

Representative M. Ige did not sign the report.

STANDING COMMITTEE REPORTS

SCRep. 1516 Judiciary on S.B. No. 603

The purpose of this bill is to prohibit the possession, advertisement, manufacture or delivery of drug paraphernalia by adding a definition of drug paraphernalia to Section 329-1 as well as adding a new section making it unlawful to manufacture or sell paraphernalia.

Your Committee held a hearing on this bill as well as related Senate measures, S.B. Nos. 151 and 938, and received favorable testimony from state and county agencies, as well as testimony against passage of this bill. One of the major arguments against passing the bill pointed to the difficulty of identifying materials, such as smoking pipes, which are used for smoking as well as for consuming drugs. The bill, however, is specifically designed to address this problem because it uses the language from the Federal Model Drug Enforcement Act.

Your Committee finds, based on the testimony received, that as of April 1984, thirty-eight states had officially prohibited drug paraphernalia but that twelve states, including Hawaii, have done nothing to stop the sale of these objects. The availability and use of illegal drugs has reached an epidemic level in our society. An effective campaign against illicit drugs cannot succeed without a concomittant attack against persons or businesses that promote the use of drugs.

Your Committee has amended the bill to state that a court or other authority "shall" consider all logically relevant factors, in determining whether or not an object is drug paraphernalia. Further, the bill has been amended by specifically providing that persons convicted under Chapter 329 of a class C felony may be imprisoned for not more than 5 years, fined not more than \$10,000, or both, and that persons convicted of a class B felony shall be imprisoned for not more than 10 years, fined not more than \$25,000, or both.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 603, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 603, S.D. 1, and that it be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1517 Ways and Means on S.B. No. 1

The purpose of this bill is to authorize funds for the expenses of the Legislature up to June 30, 1989, and also for the expenses of the legislative support agencies during the 1988-1989 fiscal year.

Your Committee has provided the following specific appropriations:

SENATE AND HOUSE OF REPRESENTATIVES

The amount appropriated for the Senate is \$2,989,196 and the amount appropriated to the House of Representatives is \$3,899,380. 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 \$1,735,000 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 \$290,366 to the State Ethics Commission.

LEGISLATIVE REFERENCE BUREAU

Your Committee approves the appropriation of \$1,531,469 for the Legislative Reference Bureau.

OMBUDSMAN

Your Committee approves the appropriation of \$441,500 for the Office of the Ombudsman.

LEGISLATIVE INFORMATION SYSTEM

Your Committee has found that the Executive and Judiciary branches of government have steadily improved their computerized information systems, especially those which had become obsolete in the face of rapidly changing technology. On the other hand, the Legislative Branch has not kept abreast of technological advances in the field of information processing. Therefore, your Committee approves the appropriation of \$939,506 to the Senate, \$1,533,229 to the House of Representatives and \$56,919 to the Legislative Reference Bureau for the purpose of implementing a new legislative information system, nicknamed "SHADOW". Your Committee finds that these amounts are necessary to meet equipment, consultant, supplies and other related expenses, and is confident that this system will improve the operations of the Legislature.

LAPSE OF FUNDS

Appropriations under this bill are subject to lapse as of June 30, 1989.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Mizuguchi.

SCRep. 1518 Health on S.B. No. 1541

The purpose of this bill is to amend the laws of the State relating to health.

Your Committee has amended this short form bill by inserting material to establish the 1987 "Uniform Anatomical Gift Act" which was drafted by the National Conference of Commissioners on Uniform State Laws.

Hawaii currently has a "Uniform Anatomical Gift Act" (Chapter 327, Part I, Hawaii Revised Statutes), but your Committee finds that the 1987 version contained in this bill represents a significant improvement which will be of substantial value in Hawaii's efforts to increase the supply of donated organs and tissues for transplant purposes. The current shortage remains a critical problem in the State, and this bill will be a major step forward which will ultimately benefit many of Hawaii's people who otherwise would not receive needed assistance.

Your Committee has also amended this bill by repealing Part I of Chapter 327.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1541, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1541, S.D. 1, and be recommitted to the Committee on Health for further consideration.

Signed by all members of the Committee.

SCRep. 1519 Judiciary on Gov. Msg. No. 3

Recommending that the Senate consent to the nomination of THOMAS K. KAULUKUKUI JR. as Fifth Judge of the Circuit Court of the First Circuit for a term of ten years, in accordance with the provisions of Article VI, Section 3, of the Constitution of the State of Hawaii.

Signed by all members of the Committee except Senator Reed.

SCRep. 1520 Government Operations on S.B. No. 1486

The purpose of this bill is to repeal Part VIII of Chapter 281, Hawaii Revised Statutes, which requires that the manufacturer of liquor affirm that the price to a Hawaii wholesaler match the lowest price at which the product is being sold in any other state.

Your Committee heard oral testimony from an attorney with substantial experience in liquor law, on the history and current status of litigation concerning price affirmation statutes in other jurisdictions. Your Committee has also reviewed the opinion of the United States District Court for the District of New Mexico in Brown-Forman Corporation v. The New Mexico Department of Alcoholic Beverage Control, which struck down a virtually identical statute, and believes that Hawaii's affirmation statute is unconstitutional. Eugene Carson, Honolulu's Liquor Control Administrator, testified that he was aware of the constitutional problems, that the Liquor Commission has not initiated any investigations to enforce this statute, and that he has received no complaints from liquor wholesalers.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1486 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1521 Government Operations on S.B. No. 2029

The purpose of this bill is to repeal Section 26-40, Hawaii Revised Statutes (HRS), which requires heads of state departments or offices and subordinate officials to furnish surety bonds, which are paid for by the state government.

Your Committee finds that the surety bonds ostensibly required by this section are not necessary for the protection of the public and have not, in fact, been furnished by the designated officials.

Your Committee has made a non-substantive amendment to line 3 of the bill, by lower-casing the "B" in "Bonds" to conform to the HRS.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2029, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2029, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1522 Government Operations on S.B. No. 2030

The purpose of this bill is to repeal certain obsolete sections of Chapter 27, Hawaii Revised Statutes, which transfer certain facilities, functions and programs to the State, from the counties, and require the Legislative Auditor to report on these transfers.

The transfers effectuated by these sections have been completed. The Legislative Auditor submitted implementation reports on the transfers in 1968 and 1969. These sections are no longer needed since their purposes have been met. Dr. Lewin, Director of the Department of Health, specifically supported the repeal of the provisions "relating to the transfer of the hospitals."

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2030 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1523 Government Operations on S.B. No. 2031

The purpose of this bill is to repeal Sections 5-1, 5-2, and 5-3, Hawaii Revised Statutes (HRS).

Sections 5-1 and 5-2, HRS, requires the comptroller, when suitable appropriations are made, to supply United States flags to schools and courthouses, and sell United States flags at cost to private citizens. Section 5-3, HRS, provides for accounting for the proceeds of flag sales.

Your Committee finds that these sections are obsolete. Testimony from the Department of Accounting and General Services states that it does not provide flags for schools or courts and has no record of ever having sold flags to the general public. The Superintendent of Education testified that the Department of Education provides flags to all of its schools. Therefore, deletion of these sections will conform the law to current practices.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2031 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1524 Government Operations on S.B. No. 2032

The purpose of this bill is to repeal Part I of Chapter 29, Hawaii Revised Statutes (HRS), which establishes the office, powers, and duties of a federal programs coordinator.

Your Committee received testimony from Dr. Joshua Agsalud, Administrative Director of the Office of the Governor. Mr. Agsalud testified that he is the Federal Coordinator, in his capacity as Administrative Director. He also advised your Committee that he has delegated his authority to Norma Wong, Administrative Assistant to the Governor, and that the Governor has contracted for Janice Lipsen of Counselors for Management in Washington, D.C. to provide assistance in Washington, D.C. Governor Waihee, like Governor Ariyoshi, has chosen to carry out these responsibilities without using Part I of Chapter 29, HRS, and favors the passage of this bill.

Your Committee has amended the bill by making technical, non-substantive changes to bring this bill into conformance with the statutes.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2032, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2032, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1525 Government Operations on S.B. No. 2037

The purpose of this bill is to repeal Chapter 503, Hawaii Revised Statutes (HRS), which allows for the gubernatorial appointment of commissioners of deeds for the purpose of administering oaths and taking depositions, affidavits, and acknowledgements of deeds and other instruments to be recorded in the State.

Your Committee finds that no commissioners have ever been appointed by the governor under Chapter 503, HRS, since the original passage of the law in 1915, and that their functions have been met satisfactorily by notaries public and members of the United States Consular Corps, thus rendering this chapter obsolete.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2037 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1526 Government Operations on S.B. No. 2042

The purpose of this bill is to repeal Part XII of Chapter 321, Hawaii Revised Statutes, which regulates the safety glazing of glass used in building construction.

Your Committee finds that the regulation of safety glazing of glass is best left to the counties. Your Committee recognizes that the overwhelming majority of laws regulating the construction of buildings and structures are contained in county building codes and agrees that this exception is illogical and unwarranted. The Building Department of the City and County of Honolulu submitted testimony in support of the measure.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2042 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1527 Culture, Arts and Historic Preservation on S.B. No. 2299

The purpose of this bill is to appropriate funds to upgrade existing moving image storage room facilities and to conduct a study for the design of a long term cold storage facility.

Moving image material, which is any material such as film and video on which is recorded and subsequently plays back images in motion, has become an important form of social, cultural and historical record.

Your Committee finds that there is a need to study and undertake the upgrading of existing storage facilities to meet minimum standards for the maintenance of moving image material. Proper storage of moving image material would ensure longevity of Hawaii's moving image resource materials. Further, the upgrading of existing storage facilities would address immediate concerns for proper storage area; however plans for a long term cold storage facility must also be looked into.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 2299 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 Hagino.

SCRep. 1528 Culture, Arts and Historic Preservation on S.B. No. 2209

The purpose of this bill is to provide \$3,000,000 for fiscal year 1988-1989 by means of general obligation bonds to revitalize the Waikiki Aquarium. The funds would be expended by the Department of Business and Economic Development.

Specifically, the bill would fund plans and design for Phase I improvements of the Master Plan for the revitalization of the Waikiki Aquarium, and for the construction of improvements under Phase IA, including improvements to the electrical service system, sea water intake and distribution systems, the mechanical treatment system, off-exhibit animal holding and service areas, display aquaria, the fish holding and research area, public restrooms, the ticket booth, entrance area, and the monk seal pool.

Your Committee received supporting testimony from the President of the University of Hawaii, the Waikiki Residents Association, the Director of Business and Economic Development, and others, and finds that the Waikiki Aquarium is a major tourist attraction and a center for marine education for Hawaii's people. Revitalization would, therefore, provide financial, aesthetic, and educational benefits to Hawaii.

Your Committee has amended the bill by changing the expending agency to the University of Hawaii and by rewriting Section 1 to indicate the following improvement projects as priorities:

- (1) Removal of the concrete step which fronts the exhibit tanks;
- (2) Upgrading of the sea water intake and distribution systems; and
- (3) Improvements to the electrical system.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 2209, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2209, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1529 (Majority) Culture, Arts and Historic Preservation on S.B. No. 2221

The purpose of this bill is to appropriate funds to produce a film on Hawaiian dance entitled "Kumu Hula".

Your Committee heard testimony from a member of the State Foundation on Culture and the Arts supporting the documentary film, that would preserve and perpetuate the hula tradition, which is a subject area that has little film documentation.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 2221 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 Hagino.
Senator Hee did not concur.

SCRep. 1530 Culture, Arts and Historic Preservation on S.B. No. 2368

The purpose of this bill is to provide funding for a combined community performing arts center and satellite state agency station in Pearl City.

The funds would be generated through general obligation bonds and an appropriation to be expended by the Department of Accounting and General Services.

Your Committee received supporting testimony from the Director of the Pearl City Community Association and the Principal of Pearl City High School and finds that this bill will be of significant benefit to Leeward Oahu residents by providing cultural, social, educational, and economic opportunities as well as better access to government services.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 2368 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 Hagino.

SCRep. 1531 Culture, Arts and Historic Preservation on S.B. No. 2222

The purpose of this bill is to appropriate money for a grant-in-aid to the Children's Museum to provide a hands-on multicultural learning program.

Your Committee heard testimony by Leon Siu, former director of the Children's Museum of Hawaii, indicating a disturbing trend toward despair amongst young people, caused by a need for stability in a society that is eroding away fundamental cultural standards. Through multicultural shows, such as the Mokulana Traveling Participatory Puppet Show, children will be taught the concepts of *loka*hi (harmony), *ohana* (family), and *aloha* (love).

Your Committee finds that the museum appears to be a positive instrument to avert potential problems by cultivating an appreciation for basic cultural values and practices, and thereby providing a stabilizing factor among the rising frustrations and tensions that stem from cultural confusion.

Your Committee also heard supporting testimony by Mrs. Lynne Waihee, the State Foundation on Culture and the Arts, members of the Children's Museum of Hawaii, the Hawaii Children's Museum of Arts, Science and Technology, and various other individuals and organizations.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 2222 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 Hagino.

SCRep. 1532 Culture, Arts and Historic Preservation on S.B. No. 2239

The purpose of this bill is to provide a grant-in-aid of \$44,000 to the Kihei Youth Center for provision of acculturation and ethno-cultural activities to youngsters in the Kihei community.

Your Committee received supporting testimony from the Director of Labor and Industrial Relations and finds that the Kihei Youth Center provides valuable services which are consistent with the objectives of your Committee and the legislature relating to labor and employment.

Your Committee has amended the bill by changing the appropriation from a grant-in-aid to a purchase of service.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 2239, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2239, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1533 Culture, Arts and Historic Preservation on S.B. No. 2249

The purpose of this bill is to appropriate money for the planning, design, and construction of a new academy of performing arts facility for the Maui Youth Theater.

Currently, the Maui Youth Theater operates in a dilapidated former clubhouse near a noisy sugar mill and yet over 50,000 persons were serviced through performances in and out of schools, workshops, and classes in 1987. Use of the present facility will be lost in the near future. This bill will appropriate money for the planning, design, and construction of a new performing arts facility so the organization can continue to provide cultural enrichment and create a valuable community asset.

Your Committee received supporting testimony from the State Foundation on Culture and the Arts, the Mayor of Maui, the Maui Community Arts & Cultural Center, the Maui Youth Theater, and six private individuals and finds that this bill will benefit not only the participants of the Maui Youth theater but the entire community of Maui.

Your Committee on Culture, Arts & Historic Preservation is in accord with the intent and purpose of S.B. No. 2249 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 Hagino.

SCRep. 1534 Culture, Arts and Historic Preservation on S.B. No. 2210

The purpose of this bill is to provide \$3,000,000, by means of general obligation bonds, to revitalize the Waikiki Aquarium.

Specifically, the bill would fund plans for the design of Phase I improvements of the Master Plan for revitalization of the Waikiki Aquarium, and for construction of improvements under Phase IA, including improvements to the electrical service system, the mechanical treatment system, off-exhibit animal holding and service areas, display aquaria, the fish holding and research area, public restrooms, the ticket booth, entrance area, and the monk seal pool.

Your Committee received supporting testimony from the President of the University of Hawaii, the Waikiki Residents Association, the Director of Business and Economic Development, and others, and finds that the Waikiki Aquarium is a major tourist attraction and a center for marine education for Hawaii's people. Revitalization would, therefore, provide financial, aesthetic, and educational benefits to Hawaii.

Your Committee has amended the bill by changing the expending agency to the University of Hawaii, changing the lapse date to 1991 and by rewriting Section 1 to indicate the following improvement projects as priorities: (1) removal of the concrete step which fronts the exhibit tanks; (2) upgrading of the sea water intake and distribution systems; and (3) improvements to the electrical system.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 2210, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2210, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1535 Health on S.B. No. 2020

The purpose of this bill is to exclude sales of insulin from the general excise tax.

Presently, insulin is not considered a prescription drug in Hawaii and thus is subject to the general excise tax when sold over-the-counter. Prescribed insulin, however, is exempt from the tax under section 237-24, Hawaii Revised Statutes. This bill would exempt all sales of insulin from the excise tax.

Your Committee received testimony in support of this bill from the Director of Health and the American Diabetes Association and finds that this measure will help to offset the financial burden associated with diabetes mellitus. Since there are an estimated 60,000 people in Hawaii with diabetic conditions, your Committee considers this proposal to be consistent with legislative efforts to provide for the public health.

Your Committee also finds that the amount of insulin sold over-the-counter, and hence subject to the excise tax, versus the amount of insulin sold by prescription and not subject to the tax, cannot be determined. Nonetheless, the total revenue impact that is theoretically possible is probably no more than \$50,000, and this assumes that all insulin is currently sold over-the-counter.

However, upon further consideration, your Committee finds that the bill as written may be technically insufficient to exempt over-the-counter, nonprescription sales of insulin from the general excise tax. Therefore, your Committee has amended the bill by adding a new paragraph to section 237-24 specifically referencing over-the-counter sales of insulin and exempting them from the tax. Your Committee believes that this action clearly expresses the intent of the bill.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2020, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2020, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1536 Health on S.B. No. 3360

The purpose of this bill is to appropriate funds to be expended by the Department of Commerce and Consumer Affairs to subsidize liability insurance premiums of obstetricians and gynecologists working in hospitals in rural areas or in the counties of Hawaii, Kauai, and Maui.

Your Committee received supporting testimony from the Director of Health, the Department of Commerce and Consumer Affairs, Robert Carey, M.D., Kahuku Hospital, Healthcare Association of Hawaii, and the Hawaii Medical Association, and finds that this bill is necessary to insure that medical care will be available in several areas of the State, especially to pregnant women who otherwise would have to travel long distances or spend much time away from home in anticipation of childbirth.

It is the intent of your Committee that priority of subsidies be granted to doctors who have significant obstetric practices. Furthermore, your Committee wishes to note that it considers government subsidization as only a bandaid solution to the problem of rising malpractice insurance costs, although it is a legitimate approach to the problem until more permanent solutions are found. The first such appropriation was made in 1986 when the premium for OB-GYN physicians was \$28,648 per year. Those costs rose to \$47,144 in 1987 and are expected to top \$50,000 by August 1 of this year.

Your Committee also wishes to note that the Department of Health has agreed to assist the Department of Commerce and Consumer Affairs in determining which practitioners should receive the subsidies.

Your Committee has amended the bill by specifying that the amount of the appropriation shall be \$150,000, and by deleting SECTION 1, the legislative findings and purpose, which bears little relationship to the subject of subsidies.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3360, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3360, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1537 Health on S.B. No. 2052

The purpose of this bill is to repeal section 325-11, Hawaii Revised Statutes, which prohibits spitting in public.

Decades ago, when this law was enacted, spitting was believed to be a method of transmitting tuberculosis. However, your Committee finds, based on testimony from the Director of Health and confirmed by the Chief of the Tuberculosis Branch, that tuberculosis is spread by means of close contact, and airborne spread of tuberculosis requires sharing a common air space such as in a crowded household or in prison. Thus, spitting in public is no longer considered a significant source of transmission of tuberculosis, or other diseases, and section 325-11, Hawaii Revised Statutes, is obsolete.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2052 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1538 Health on S.B. No. 2050

The purpose of this bill is to repeal the rodent control revolving fund in the Department of Health.

According to the Director of Health, the use of state employees to ratproof structures with materials purchased out of the fund has been gradually phased out, while greater emphasis has been placed on a public self-help program where trained staff assist householders after thoroughly inspecting the property. Therefore, your Committee finds that the fund is obsolete and that other methods of rodent control are in place which are satisfactory to meet the rodent control needs of the public.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2050 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1539 Human Services on S.B. No. 2205

The purpose of this bill is to appropriate money for a conference on aging in 1989.

There is planned by the Executive Office on Aging a conference on aging to be held in Hawaii in 1989. Your Committee finds that the Executive Office on Aging previously has planned other successful conferences, that state funding will lead to higher attendance by defraying fees for the elderly, and that the conference will increase input into the planned national White House conference on aging to be held in 1989.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2205 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. 1540 Human Services on S.B. No. 3068

The purpose of this bill is to appropriate funds to the Lanakila Multi-Purpose Senior Center.

Currently, over 1,500 senior citizens utilize the Lanakila Multi-Purpose Senior Center monthly, participating in seventy different classes and programs. This bill appropriates funds to purchase and install interior environmental control equipment, i.e., air conditioners and ceiling fans, to provide for the free flow of air and ventilation in the Center.

Your Committee received supporting testimony from the Catholic Charities of the Diocese of Honolulu and finds that lack of ventilation causes extreme discomfort for both users and staff of the Center and interior environmental control equipment will create a more positive and healthy environment for seniors utilizing the Center.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3068 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. 1541 Human Services on S.B. No. 3106

The purpose of this bill is to appropriate funds for a child care facility in West Hawaii.

Currently, there is an inadequate number of child care centers serving a growing population in West Hawaii. Your Committee received supporting testimony from the Office of Children and Youth and ILWU Local 142 and finds this bill will help meet the growing need for child care services in West Hawaii.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3106 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. 1542 Human Services on S.B. No. 2246

The purpose of this bill is to authorize the issuance of general obligation bonds and appropriate money for the construction of the Upcountry Community Center in Pukalani, Maui.

Currently, there are no upcountry Maui facilities that can accommodate large community functions. This bill appropriates \$790,000 to construct a community facility which can accommodate five hundred persons.

Your Committee received supporting testimony from the Mayor of Maui and finds that this bill will benefit the upcountry communities of Maui.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2246 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. 1543 Human Services on S.B. No. 2618

The purpose of this bill is to appropriate funds for increased funding for senior citizen programs.

The Executive Office on Aging recently completed Hawaii's first long-term care plan for older adults which calls for a full continuum of community-based services to include personal care, respite care, care coordination, and transportation services. This bill appropriates funds to improve access, equity, quality, affordability, and continuity of care services.

Your Committee received supporting testimony from the Executive Office on Aging, the Office of Human Resources of the City and County of Honolulu, the Catholic Charities, the Aging Network, and the Kokua Council for Senior Citizens, and finds the need to continue funding the ever-growing but cost-effective care services of the vulnerable elderly persons.

Your Committee has amended the bill to specify the sum requested for fiscal year 1988-1989.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2618, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2618, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1544 Human Services on S.B. No. 2901

The purpose of this bill is to appropriate funds to expand the case management coordination program for the frail elderly in Maui County.

The pilot Case Management Coordination Program for the frail elderly of Maui was established by Act 285, Session Laws of Hawaii 1984, and funded through fiscal year 1988-1989. This bill will expand the program to include serving the populations in the Hana-Keanae areas on Maui and on Molokai and Lanai.

Your Committee received supporting testimony from the Executive Office on Aging, the Department of Health, and the Department of Human Services and finds this bill develops a full continuum of community-based services, at the core of which is personal and respite care, case coordination, and transportation services.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2901 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. 1545 Consumer Protection and Commerce on S.B. No. 2418

The purpose of this bill was to require mortgage lenders to release mortgages on a timely basis.

Hawaii law provides for releases covering consumer goods, yet no law currently exists to address the far more significant issue of home mortgages and mortgages on other real property. This bill requires mortgagees to provide mortgagors with a release of mortgage upon full satisfaction of the mortgage and discharge of the debt secured thereby, to be acknowledged and recorded in the Bureau of Conveyances or the Office of the Assistant Registrar of the Land Court.

The release must be provided within sixty days from the date of written request therefor by any interested party. In addition, the bill provides legal remedies to obtain such release if it is not duly provided.

Your Committee received testimony from the President of Title Guaranty Escrow Services, Inc. and the Hawaii Land Title Association and finds that this bill will remedy a serious problem faced by many of Hawaii's homeowners. Your Committee further finds that this measure is consistent with legislation already in place in most of the other states.

Upon further consideration, your Committee has amended this bill by deleting the material which specifies the procedures for obtaining a legal remedy after an action is filed in circuit court.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2418, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2418, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Chang.

SCRep. 1546 Government Operations on S.B. No. 2036

The purpose of this bill is to repeal Act 38, Session Laws of Hawaii 1984, which authorizes the transfer of certain parks between the State and City and County of Honolulu.

Your Committee finds that Act 38, Session Laws of Hawaii 1984 was superceded by Act 335, Session Laws of Hawaii 1987. The Department of Land and Natural Resources submitted testimony in support of the bill, noting that Act 335 is a broader and more flexible vehicle for them to use in effecting the transfer of parks.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2036 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1547 Government Operations on S.B. No. 2044

The purpose of this bill is to repeal Section 5-11, Hawaii Revised Statutes (HRS), which authorizes the Governor or the Legislature to confer the title of "Calabash Cousin to the people of Hawaii" upon deserving persons.

There have been six individuals designated Calabash Cousins to the people of Hawaii, all during the period 1966 thru 1969. No designations have been made in the past 19 years.

Your Committee received testimony from Malcolm Naea Chung, that while the intention of Section 5-11, HRS, is well meaning, its language "does not conform to the sensitivity and awareness of Hawaiian culture which has seen a resurgence of understanding and appreciation in the last decade or so." Your Committee agrees.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2044 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1548 Government Operations on S.B. No. 2151

The purpose of this bill is to repeal Chapter 246, Hawaii Revised Statutes (HRS), governing real property taxation.

As a result of an amendment to the State Constitution in 1978, the real property tax functions were turned over to the counties as of July 1, 1981. This bill is a "house cleaning" measure to repeal a chapter which is no longer needed.

Your Committee heard testimony from the Department of Taxation, City and County of Honolulu, County of Hawaii and the Tax Foundation of Hawaii which generally supported the measure. The Department of Taxation noted that cross-references to Chapter 246, which appear elsewhere in the HRS, should also be deleted. The Department of Taxation is preparing a list of those cross-references; but, to meet the deadline for transmittal to the Committee on Ways and Means, those technical changes will need to be made at a later date.

Your Committee received testimony from the Department of Taxation which suggests that the effective date should be delayed until November 8, 1989 to allow for the running of the eleven years of uniformity required by §246A-2(1), HRS. Your Committee has chosen, instead, to add a new section which repeals Chapter 246A, HRS. The requisite transfer has been completed and Chapter 246A, HRS, is now an impediment to the full implementation of Article VIII, Section 3 of the Hawaii State Constitution.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2151, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2151, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1549 Government Operations on S.B. No. 2201

The purpose of this bill is to make State government services more accessible to our citizens and alleviate traffic congestion in the downtown Honolulu area by making an appropriation for "satellite" State government offices in outlying areas of Oahu.

Your Committee finds that this bill will accomplish its stated purpose. Your Committee heard testimony from the Department of Accounting and General Services and the Department of Transportation generally supporting the purpose of the bill.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2201 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. 1550 Government Operations on S.B. No. 2330

The purpose of this bill is to appropriate matching funds for a grant-in-aid to the City and County of Honolulu to expand the use of special officers in enforcing non-moving traffic violations.

Your Committee finds that problems of parking and traffic congestion have escalated into major safety hazards. These hazards arise when individuals park in blind curves, near driveways, crosswalks, bus stops and fire hydrants.

Your Committee further finds that the use of special enforcement officers to enforce non-moving violations would create new jobs that require less training and fiscal commitment than police officers. In addition, it would allow police officers to focus their attention on more severe problems.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2330 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. 1551 Government Operations on S.B. No. 2753

The purpose of this bill is to establish a statewide fair access commission.

This bill appropriates \$500,000 for the establishment of a statewide fair access commission within the Office of the Governor, to review the access to government activities and processes available and to explore various means by which the quantity and quality of such access can be improved. The Commission shall also report its findings to the 1989 session of the Legislature and shall cease operations on June 30, 1991.

Your Committee finds that in a democracy, the people are vested with the ultimate decision-making power and that in such a democracy, governmental activities and processes must not only be open to public scrutiny and participation, but must also be made readily accessible to all of the people. The establishment of a fair access commission will attempt to ensure that no resident is denied access to government and that every resident is afforded a sufficient level of access to allow participation in governmental processes and to receive a fair and equitable share of information and other public services provided by government.

Your Committee has amended the bill by deleting the specific amount appropriated and leaving a blank appropriation to be filled in by the Committee on Ways and Means.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2753, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2753, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1552 Government Operations on S.B. No. 2903

The purpose of this bill is to appropriate \$100,000 for the disposal of old building materials at the former 18th Service warehouse area at Kahului Beach Road, Maui.

Your Committee finds that it is necessary to dispose of the old building materials at Kahului Beach Road in the interest of preventing an environmental hazard.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2903 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. 1553 Government Operations on S.B. No. 3096

The purpose of this bill is to authorize the issuance of general obligation bonds in the sum of \$500,000 for the development and implementation of the Hapuna Master Plan.

Your Committee heard testimony by the Board of Land and Natural Resources recognizing the need to update and implement the Hapuna Beach Master Plan to meet the increasing public demand for more beach parks on the neighbor island of Hawaii, where public beaches are limited and often overcrowded.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 3096 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. 1554 Education on S.B. No. 2387

The purpose of this bill is to appropriate \$29,759 to be expended by the Department of Labor and Industrial Relations as a purchase of service to Honolulu Community Action Program (HCAP) to continue the computer awareness and tutorial assistance project.

Your Committee received supporting testimony from the Director of Labor and Industrial Relations, Aiea High School, HCAP, and others, and finds that this project helps to reverse potentially life-long trends towards underachievement by providing introductory computer training along with academic tutorial assistance to elementary school children in the Makalapa and Aiea communities.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2387 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. 1555 Education on S.B. No. 2899

The purpose of this bill is to appropriate \$50,600 to be expended by the Department of Education for the purchase of two films: "The Color of Honor" and "Unfinished Business," and to develop an accompanying study guide.

Your Committee received supporting testimony from the Superintendent of Education, among others, and finds that the films would assist students with their study of Constitutional rights and are therefore useful academic tools which otherwise would be unavailable to the Department.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2899 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. 1556 Education on S.B. No. 2583

The purpose of this bill is to appropriate \$122,000 to be expended by the Department of Education to implement a program to identify weaknesses and improve skills of prospective teachers and administrators in the Department.

Your Committee received supporting testimony from the Chairperson of the Board of Education, the Vice President for Academic Affairs, University of Hawaii, and the Hawaii State Teachers Association, and finds that this program will develop the teaching skills of prospective teachers belonging to ethnic groups that are underrepresented among teachers and administrators and thus increase their prospects of passing the National Teachers Examination.

Your Committee has amended the bill to correct a typographical error in Section 2, line 12.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2583, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2583, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1557 Human Services on S.B. No. 2012

The purpose of this bill is to provide a refundable income tax credit in an amount equal to fifty percent of the total amount of premiums paid for long-term care insurance.

Under this bill, each resident taxpayer who is not claimed or eligible to be claimed as a dependent on the tax return of another taxpayer may claim this credit up to \$500 per policy purchased, up to a maximum of \$1,500 per year.

Your Committee received testimony from the Department of Commerce and Consumer Affairs, Kokua Council for Senior Citizens, Healthcare Association of Hawaii, the Director of Human Services, and others, and finds that long term care insurance is an important means of reducing the cost of care for aged and catastrophically injured persons, and people should be encouraged to purchase such coverage. Even though there are problems with some of the concepts expressed in this bill, and especially with taxation precedents, it is important to stimulate people to take care of their own needs and not depend on others. This bill will preserve human dignity and represents a bold and innovative initiative consistent with your Committee's continuing efforts to provide for the long term care needs of the people of Hawaii.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2012 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. 1558 Human Services on S.B. No. 2446

The purpose of this bill is to appropriate funds for the planning and construction of a shelter for homeless persons.

Currently, some 2,500 homeless people live on Oahu. The four existing homeless shelters cannot accommodate the growing problem of homelessness, especially in the Windward and Waianae areas. This bill will provide funds for the construction of critically needed shelters to assist the homeless.

Your Committee received supporting testimony from the Department of Housing and Community Development of the City and County of Honolulu and from the Catholic Diocese of Honolulu (which requests a shelter in the Windward area) and finds that the needs of the homeless can best be served by this bill, and that the concern for the homeless cannot be ignored. It is intended that the planning for construction will include consideration of the Windward and/or Waianae areas as possible sites.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2446 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. 1559 Human Services on S.B. No. 2895

The purpose of this bill is to appropriate funds for personal care services for the elderly of the County of Kauai.

Currently, the County of Kauai is the only county in the State which has never had funding for personal care services to assist frail elderly and their caregivers in either delaying or preventing institutionalization. Your Committee received supporting testimony from the Executive Office on Aging, the Department of Human Services, the Kauai County Office of Elderly Affairs, and others, and finds this bill makes available much needed subsidy of personal care services to frail elderly who are ineligible for any other program and are unable to pay the entire cost of these essential services, but are willing to pay a part of the cost.

Your Committee amended this bill by reducing the appropriation amount to \$50,000 and by changing the expending authority to the Executive Office on Aging.

Your Committee on Human Services is in accord with the intent and purpose of S.B. 2895, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 2895, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1560 Human Services on S.B. No. 3088

The purpose of this bill is to make medical care available to certain groups of low income individuals by using Federal funds.

Currently, there is a population of elderly and disabled who are ineligible for Medicaid even though their incomes fall below the Federal poverty threshold. The Federal government now gives Hawaii the option to cover the elderly and disabled up to 100% of poverty level through the Omnibus Budget Reconciliation Act of 1986.

This bill will establish that it shall be the duty of the Department of Human Services to maximize the availability of medical care to low income elderly and disabled through Federal financial assistance.

Your Committee received supporting testimony from the Legal Aid Society, the Public Health Association, the Healthcare Association, and the Department of Human Services, and finds it necessary to make health care more accessible to a larger population of the elderly and disabled.

Your Committee has amended the bill by adding disabled persons to the target groups to be included, and by making clarifying language changes which have no substantive effect.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3088, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3088, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1561 Human Services on S.B. No. 3169

The purpose of this bill is to appropriate \$557,809.91 to compensate victims of certain crimes or dependents of deceased victims, and for indemnification of private citizens for personal injury or property damage suffered in prevention of crime or apprehension of a criminal.

This proposal is submitted annually by the Department of Budget and Finance in accordance with Section 351-70, Hawaii Revised Statutes, to pay awards made by the Criminal Injuries Compensation Commission. The listing of individual awards and amounts will be inserted when it becomes available.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3169 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. 1562 Labor and Employment on S.B. No. 2062

The purpose of this bill is to allow employees who elected not to become members of the noncontributory retirement plan, effective January 1, 1985, to elect now to become members of the noncontributory retirement plan.

Currently, over forty-eight per cent of the employees of the State Retirement System are members of the noncontributory retirement plan. This bill will allow certain employees in the contributory plan the opportunity to withdraw their contributions and become members of the noncontributory plan.

Your Committee received testimony from the Hawaii Employees' Retirement System indicating no objections to the bill and finds that employees who are currently in the contributory plan be allowed to convert to the noncontributory plan.

Your Committee has amended this bill by extending the refund date to 1989 and by making nonsubstantive changes for the purpose of conformance with recommended drafting style.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 2062, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2062, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1563 Labor and Employment on S.B. No. 2350

The purpose of this bill is to appropriate funds to continue the employment of employees in the Office of Community Services.

Currently, there are fourteen employees of the Office of Community Services who are assigned to various state departments, the judiciary, and the University of Hawaii. This appropriation in the amount of \$150,000 will allow these employees to continue providing essential services to their respective departments.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 2350 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. 1564 Agriculture, Energy and Ocean Resources on S.B. No. 2211

The purpose of this bill is to appropriate \$220,000 for the assessment of biofuels options, including converting biomass to methanol and the development of hydrogen systems for local application.

Your Committee heard testimony from the Department of Business and Economic Development, the Department of Land and Natural Resources, the Hawaii Natural Energy Institute, and the Sanki Corporation, and finds that methanol has been identified as the fuel of choice to supplement or replace oil derivatives as the dominant transportation fuel. Therefore, this bill is consistent with legislative efforts to free Hawaii from its dependence on imported oil.

Your Committee has amended this bill by changing the expending agency from the Pacific International Center for High Technology Research to the University of Hawaii.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2211, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2211, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1565 Agriculture, Energy and Ocean Resources on S.B. No. 2213

The purpose of this bill is to provide for the issuance of special purpose revenue bonds in a total amount not to exceed \$15,000,000 to assist International Pacific Energy Consortium, Inc. establish a wind energy farm and related facilities.

Your Committee heard testimony from the Director of Business and Economic Development and International Pacific Energy Consortium, Inc., and finds that the proposed wind farm is consistent with the state's objectives for the development of alternate energy sources, and that the bonds authorized by this bill are in the public interest.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2213 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. 1566 Agriculture, Energy and Ocean Resources on S.B. No. 2218

The purpose of this bill is to appropriate \$1,000,000 to establish a public information program to develop consumer awareness and acceptance, on the mainland and in foreign markets, of Hawaii's irradiated fruits, vegetables, and other agricultural products.

The appropriation would satisfy the cost-sharing requirements of the United States Department of Energy for the Hawaii Commodities Irradiation Program, and would be expended by the Department of Business and Economic Development.

Your Committee received supporting testimony from the Director of Business and Economic Development, the College of Tropical Agriculture and Human Resources at the University of Hawaii, the Mayor of Hawaii County, and others, and finds that it is essential for Hawaii to develop a program to educate the public on the benefits of irradiated agricultural products. Mainland studies indicate that up to thirty percent of consumers now accept irradiated food and up to sixty percent are undecided. Less than ten percent reject the concept. These studies also show that education is effective in fostering positive attitudes towards irradiation of agricultural products.

Your Committee further finds that the Hawaii Commodities Irradiation Facility could be operational by the end of 1989, and that consumer awareness and acceptance programs should be initiated as soon as possible so that Hawaii may receive maximum benefit from irradiation of agricultural products.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2218 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. 1567 Agriculture, Energy and Ocean Resources on S.B. No. 2233

The purpose of this bill is to appropriate \$100,000 for fiscal year 1988-1989 to continue the Kona coffee industry promotion and marketing programs. The programs were initiated during fiscal year 1987-88, with the proviso that no funds be made available unless matched dollar for dollar by the Kona coffee industry.

Your Committee received supporting testimony from the Executive Director of the Kona Coffee Council and the Chairperson of the Board of Agriculture. The testimony indicated that the program is needed to recover lost consumer demand which has occurred in recent years due to drought conditions in Kona which resulted in crop shortages.

Your Committee finds that the appropriation is a good investment because recent heavy rainfalls, coupled with mature plantings should result in the largest harvest in twenty years.

Your Committee has amended the bill by deleting the proviso that the Kona coffee industry match the appropriated funds dollar for dollar.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2233, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2233, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1568 Agriculture, Energy and Ocean Resources on S.B. No. 2234

The purpose of this bill is to appropriate funds for the purchase and installation of an ice machine for crop growers at the Kamuela Vacuum Cooling Plant, Waimea, Hawaii.

The Waimea district is a major producing area for temperate-type vegetables. Due to problems with disease caused by the Tomato Spotted Wilt Virus, which severely attacks lettuce, growers have switched to the production of broccoli, cauliflower, celery, sweet corn, and cucumber.

The bulky structure of these vegetables, however, requires that they be hydro-cooled and/or top-iced for them to maintain field freshness and to be presented on the market shelf in prime, competitive condition. For instance, broccoli can yellow unless it is cooled in transit and cucumber can lose its crispness.

Your Committee finds that any area that intends to produce bulky-structured vegetables for the top-quality market must have the capacity to produce ice and cold water. Your Committee notes that the Waimea district does not have a large-capacity, commercial ice machine and that a central location for the machine would be the Kamuela Vacuum Cooling Plant.

Your Committee has amended the bill by specifying that the appropriation shall be for \$50,000.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2234, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2234, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1569 Agriculture, Energy and Ocean Resources on S.B. No. 2235

The purpose of this bill is to appropriate \$200,000 for the purchase and installation of a hydro-cooler and ice machine at Kula Vacuum Cooling Plant. The funds would be expended by the Department of Agriculture.

Your Committee received supporting testimony from the Board of Agriculture, the College of Tropical Agriculture and Human Resources, University of Hawaii, and the Hawaii Farm Bureau Federation, and finds that due to a virus disease which seriously attacks lettuce, Kula growers are now producing broccoli, cauliflower, celery, and other types of bulky-structured vegetables. However, these kinds of vegetables require a hydro-cooler or top icing in order to maintain field freshness on the market shelf. Kula currently lacks such equipment, and this bill would improve the competitive position of local growers in Hawaii's markets throughout the State.

Your Committee, on the recommendation of the Hawaii Farm Bureau Federation, has amended the bill by specifying that the appropriation shall be for a forced air cooler, an ice machine, and other equipment, because such equipment is more efficient in preparing cauliflower, the bulky vegetable targeted for acreage expansion in Kula.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2235, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2235, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1570 Agriculture, Energy and Ocean Resources on S.B. No. 2243

The purpose of this bill is to appropriate \$100,000 to the County of Maui to purchase equipment, including a one ton truck, chassis, and forklift, for the operation of the Molokai Cooling Plant.

Your Committee finds that the Molokai Cooling Plant was planned, designed and built with Federal matching funds, with an additional \$20,000 of State funds allocated in 1987 for the first year's operating expenses. These funds were enough to cover the costs of the plant's structure and fixed equipment.

Your Committee further finds that the transport equipment funded by this bill is essential to the efficient operation of the Molokai Cooling Plant, and that the plant's operation is essential to Molokai's expanding economy and its diversified agricultural industry.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2243 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. 1571 Education on S.B. No. 3124

The purpose of this bill is to appropriate \$10,000,000 to be expended by the Department of Accounting and General Services for repair and maintenance of public school facilities.

Your Committee received supporting testimony from the Superintendent of Education, the Department of Accounting and General Services, and the Hawaii State Teachers Association and finds that this appropriation will enable repair and maintenance projects in the public schools that would not otherwise be funded, and which are necessary to create a safe and satisfactory learning environment for our students.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 3124 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. 1572 Education on S.B. No. 3123

The purpose of this bill is to appropriate money for the continuation and expansion of parent networking centers.

Currently, there are thirty-four parent/community networking centers which promote parent and community involvement in the education of children from early childhood through higher learning. However, this number falls short of the statewide needs and demands for parent networking centers. This bill will fund the continuation and expansion of the parent networking centers program.

Your Committee received supporting testimony from the Superintendent of Education, the Hawaii PTSA, the Hawaii State Adult and Community Education Advisory Council, and the Office of Children and Youth, and finds that this bill will benefit children, parents, and the entire community by continuing and expanding this collaborative support system of the home, school, and community.

Your Committee has amended the bill by adding in the sum of \$300,000 in line 2 as the appropriation.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 3123, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3123, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1573 Education on S.B. No. 3311

The purpose of this bill is to appropriate funds to provide materials for kindergarten and first grade students enrolled in Hawaiian language medium classes at Ni'ihau, Keaukaha, and Waiau Elementary Schools.

Your Committee received supporting testimony from the Superintendent of the Department of Education and finds that these funds are necessary to support the academic achievement of the students.

Your Committee on Education is in accord with the intent and purpose of S.B. 3311, 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. 1574 Education on S.B. No. 2370

The purpose of this bill is to appropriate funds for a permanent, full-time educational coordinator position in the Leeward District Office.

The position would be subject to the teacher classification/compensation plan under Section 297-31.1, Hawaii Revised Statutes, and would be utilized to provide educational services and coordinate educational activities at the Waipahu Cultural Garden Park.

Your Committee received supporting testimony from the Superintendent of Education and has amended the bill by specifying that the appropriation shall be in the amount of \$26,000.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2370, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2370, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1575 Education on S.B. No. 2954

The purpose of this bill is to appropriate funds to provide for a statewide art fair, with the winner given the opportunity to spend a summer abroad to participate in an apprenticeship program.

Your Committee received supporting testimony from the Superintendent of the Department of Education and the University of Hawaii, Office of Academic Affairs, and finds that there is an urgent need for all students to be encouraged to develop their artistic talents. This bill will support an organized effort to develop students' talents and draw attention to the value of art.

Your Committee has amended the bill by specifying that \$10,000 shall be appropriated.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2954, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2954, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1576 Culture, Arts and Historic Preservation on S.B. No. 2301

The purpose of this bill is to appropriate \$125,000 to continue ongoing documentation of the social, political, and humanistic elements of Hawaii.

Moving images, like the written records of the past, are a form of historical record. Many important events, individuals, places of interest or significance, are not recorded for a variety of reasons. The proposed appropriation would allow for an archival documentation unit that will produce Hawaiian heritage moving image records to ensure that important elements of Hawaii will be captured on film or video.

Your Committee received testimony from the Department of Business and Economic Development and the Hawaii Public Broadcasting Authority in support of the bill.

Your Committee has amended the bill by making a technical change which has no substantive effect.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 2301, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2301, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Hee.

SCRep. 1577 Culture, Arts and Historic Preservation on S.B. No. 2226

The purpose of this bill is to appropriate funds to initiate a comprehensive statewide inventory of Hawaii's moving image materials.

Your Committee heard testimony in favor of this bill indicating the need for systematic itemization, identification, and examination of the quality and quantity of all existing Hawaii moving image materials, which will enable the State to better maintain this valuable resource.

Upon further consideration, your Committee amended the bill to reflect the Department of Accounting and General Services' (DAGS) suggestion to keep the Moving Image Archives Project administered by the Department of Commerce and Consumer Affairs instead of transferring it to DAGS.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 2226, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2226, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Hee.

SCRep. 1578 Culture, Arts and Historic Preservation on S.B. No. 2229

The purpose of this bill is to authorize the Director of Finance to issue general obligation bonds for a grant-in-aid to the Molokai Museum and Cultural Center for construction of a museum and cultural center on the island of Molokai.

Your Committee heard testimony from over two dozen state and private organizations, island educators, businesses, and concerned citizens to the effect that Molokai has no facilities to preserve and protect its historical and cultural heritage. This situation has resulted in the removal of many artifactual materials over the years to private collections and museums on other islands.

Your Committee finds that without an adequate, professionally operated museum, there would be little hope of those materials ever being returned to Molokai, to say nothing of preserving the high percentage of remaining archaeological and historic sites, which are not yet documented or properly excavated. The Molokai Museum and Cultural Center will provide an important legacy for future generations by serving as an important educational and cultural resource, centered around the Meyer Sugar Mill, which has been registered as a historic place in the Hawaii and National registers of Historic Places.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 2229 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. 1579 Culture, Arts and Historic Preservation on S.B. No. 2300

The purpose of this bill is to establish a commission to help maintain, preserve, and make accessible significant collections of Hawaii's moving image heritage.

The duties and responsibilities of the Commission would be to advise in the coordination and maintenance of a Hawaii moving image project, to stimulate and guide implementation of educational moving image preservation programs, and to encourage public access to Hawaii moving image materials.

Your Committee received testimony from the Department of Accounting and General Services, the Department of Business and Economic Development, the Department of Education, the Hawaii Public Broadcasting Authority, the Bishop Museum, and the Hawaiian Mission Children's Society in support of the bill.

Your Committee finds that with the continued use of motion picture films and videotapes to document Hawaii's history and culture, there is an apparent need for the establishment of a commission for moving image preservation.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 2300 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 Hee and Reed.

SCRep. 1580 Higher Education on S.B. No. 2588

The purpose of this bill is to provide \$175,000 for programs on the various campuses of the University of Hawaii which provide assistance to students from ethnic groups which are underrepresented at the University and in the professions of Hawaii.

Your Committee received supporting testimony from the Vice President for Student Affairs at the University of Hawaii as well as several students and civic groups and finds that the University has been making serious efforts to address the issue of underrepresentation of various ethnic groups. This bill will provide the funds needed to continue efforts which have been initiated through extramural funds. Your Committee further finds that this bill is consistent with recommendations made by various University reports and will strengthen projects that have been initiated and supported by minority students and faculty.

Your Committee has amended the bill by specifying that \$100,000 of the appropriation shall be used for four positions to expand Operation Manong and Operation Kua'ana on all University Campuses and to coordinate activities with other

University programs and community groups. Further, the bill has been amended to specify that \$75,000 shall be used for a recruitment retention program.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 2588, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2588, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1581 Higher Education on S.B. No. 2610

The purpose of this bill is to appropriate \$46,250 to the Kalihi Palama Education Center, Honolulu Community College.

This appropriation will establish an outreach and recruitment program for high school students and provide instructional programs designed to enable adults to prepare for the teaching profession.

The Chancellor for Community Colleges testified that Honolulu Community College has, in conjunction with the College of Education, provided training of vocational education teachers through its Industrial Education program, and is aware of the potential opportunities which exist in recruiting prospective teachers. This project will provide one approach to encouraging more individuals to become industrial education teachers in our secondary schools.

Your Committee also received favorable testimony from the Superintendent of Education.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 2610 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. 1582 Higher Education on S.B. No. 3041

The purpose of this bill is to appropriate funds to expand the deep sea research capabilities of the University of Hawaii's Hawaii Undersea Research Laboratory (HURL).

The Hawaii Undersea Research Laboratory at the University of Hawaii (HURL) was established in 1980 by a cooperative agreement between the Federal Government (NOAA's Office of Undersea Research) and the University of Hawaii. The location of the laboratory in Hawaii presents the State of Hawaii and the University of Hawaii with many unique opportunities to directly study the natural resources, natural processes, and man's impact upon the submarine environment of the Hawaiian Islands and the Hawaiian Exclusive Economic Zone (EEZ). To date, HURL is the only undersea laboratory in the world whose sole mission is to study deep water processes and resources of the inner space of mid-ocean tropical islands. Federal Funding for the laboratory has increased during the past four years from an annual funding rate of \$700,000 per year to a Federal Grant status at a current rate of \$1,800,000 per year. Unfortunately, no direct State or University financial support for the HURL program has taken place to date. Between 1980 and 1985, the Federal Government spent \$285 million in support of ocean programs for the State of Hawaii while the State spent \$16 million. In 1985, the Federal Government provided 87.7% of the total funding for ocean programs in the State of Hawaii, while the State contributed only 6.7%.

HURL conducts underwater research to depths of 6,000 feet. The program operates two deep diving submersibles; the Makali'i, and the Pisces V which were acquired in 1986 and greatly expanded the program's diving capabilities. Over 430 dives have been successfully carried out since the program was established in 1980. Over half of them were in direct support of State of Hawaii projects dealing with ocean pollution, sewage outfall engineering, artificial reefs for fish aggregation, precious coral resources, potential pharmaceuticals from Hawaii's ocean environment, cable route and pipeline studies, and offshore mineral resource studies.

Because of the size limitations of the current support vessel, HURL is limited to studying only these areas of Hawaii that are within one days sailing from a port, a mere 10% of Hawaii's EEZ. The acquisition by the State of a 200-foot-long vessel would mark the addition of a very valuable asset to the State of Hawaii. With this unique facility, HURL will be able to reach all the critical areas of Hawaii's EEZ and thus, provide the vital data for Hawaii to allow the competent assessment and protection of our pristine environment.

Your Committee has amended the bill by requiring the receipt of matching federal funds before any state appropriations are expended.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 3041, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3041, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1583 Higher Education on S.B. No. 3416

The purpose of this bill is to appropriate funds to the University of Hawaii Board of Regents.

This bill appropriates \$100,000 to the Board of Regents to contract consultants for special projects, provided that the legislative auditor shall conduct an audit if any of the funds appropriated are expended.

Your Committee received supporting testimony from the Chairman of the Board of Regents. The testimony indicated that the use of consultant services is an essential aid for informed decision making by the Regents.

Your Committee finds that the appropriation is a good investment for the University of Hawaii and anticipates that it will be a great benefit to the State.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 3416 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. 1584 Higher Education on S.B. No. 2163

The purpose of this bill is to clarify that rental fees realized from the activities of the animal research farm can be deposited into the animal research farm, Waialeale, Oahu revolving fund.

The Dean of the College of Tropical Agriculture and Human Resources of the University of Hawaii testified that research on beef cattle, dairy cattle, swine, and poultry is conducted at the Waialeale animal research farm. Due to the rising costs of conducting animal research at the farm, the Legislature, in 1974, established a revolving fund so that the beef cattle, hogs, eggs, broilers, and milk could be sold when experiments were completed and the receipts would be deposited in the fund to purchase replacement animals, feed, supplies, and equipment and maintenance services.

The Dean further testified that certain experiments require animal technicians to work extended or irregular hours. Because of this, the animal research farm also provides housing on the farm for these technicians. Currently, the funds generated from renting these housing units cannot be deposited into the revolving fund, even though the presence of the housing and the need to maintain it is a necessary cost of doing animal research.

Your Committee concurs with the intent of this bill, but has some concerns regarding the amounts to be collected as rent. Therefore, your Committee requests that the College of Tropical Agriculture and Human Resources come up with recommendations for fair market value rates for the rental units, and submit these recommendations to the Senate Higher Education Committee twenty days prior to the convening of the Regular Session of 1989.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 2163 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. 1585 Higher Education on S.B. No. 2499

The purpose of this bill is to authorize the issuance of general obligation bonds and to make an appropriation for the plans, design and construction of the infrastructure at the University of Hawaii Hilo Research and Technology Park.

Approximately 200 acres of the University of Hawaii-Hilo's mauka campus have been designated in the University's long range plan as a Research and Technology Park. Currently, the United Kingdom Infra-red Telescope base facilities and the University of Hawaii Agriculture complex are located on this site. These types of research and technology facilities enhance the academic opportunity of the University by allowing for guest lectures, adjunct faculty appointments and opportunities for both faculty and student research. Naturally, the location of additional enterprises in the park constitutes a considerable economic enhancement to the Big Island, which in the face of the uncertainties in the sugar industry provide additional diversification of income to the Big Island and the State.

Within the past two weeks, a bid has been submitted to the New Japan Telescope staff to locate the base facilities for its Mauna Kea observatory in the Park. Negotiations are underway with an individual considering locating an Institute for Comparative Religious Studies in the portion of the acreage designated for future academic development.

None of these new opportunities can be accomplished without the requisite infrastructure of roads, utility and other service components. Pursuit of other possible research and technology candidates is limited by the absence of this infrastructure.

Your Committee was informed that the University uses approximately thirty percent of the existing 200 acres. Your Committee finds that it is the University's responsibility to fund their proportionate share of the infrastructure since they are utilizing a part of the site.

Your Committee has amended the bill by changing the amount appropriated from \$4,000,000 to \$1,200,000.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 2499, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2499, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1586 Higher Education on S.B. No. 2488

The purpose of this bill is to appropriate funds for the development of a simple test for the detection of ciguatera fish poison.

The Chairperson of the Board of Land and Natural Resources testified that research conducted by Dr. Yoshitsugi Hokama at the University of Hawaii has steadily progressed in ciguatera detection techniques. A reliable six-step stick test for ciguatoxin in fish has been developed and is undergoing field use. Although this test is reliable, it can only be used by fish markets, fish auctions and fish handling facilities which can provide an area to set up this test. A simpler test is also needed for fishers to use on their boats and when fishing away from any facility.

Your Committee notes that the Legislature supported a similar appropriation last year, in which \$102,850 was appropriated for fiscal year 1987-1988 to develop this simplified test. The school of medicine, instruction, at the University of Hawaii was designated as the expending agency, provided that the project be conducted in conjunction with the Department of Land and Natural Resources. Your Committee finds, however, that the University of Hawaii administration did not expend the funds for this purpose.

This simplified test would be a positive contribution to Hawaii's recreation, sports and commercial fishing industry, in addition to the health and well-being of the people who eat fish.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 2488 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. 1587 (Joint) Health and Human Services on S.B. No. 1450

The purpose of this bill is to extend personal care services, as provided in section 346-64, Hawaii Revised Statutes, to the non Medicaid-eligible population on a sliding fee basis in order to assist persons in the gap group to remain in the community rather than be institutionalized.

Your Committees received testimony from the Director of Human Services and the Director of Health, among others, and find that it is consistent with legislative and state policies and objectives to seek to expand the target group for personal care services, if feasible.

However, your Committees also believe that before this program is permanently extended to such a large population, a determination should be made as to whether it would in fact be effective in reducing the welfare rolls and preventing institutionalization. Therefore, your Committees have amended the bill by adding an appropriation of \$450,000, for fiscal year 1988-1989, to the Department of Human Services to carry out the purposes of the bill, and by providing that the amendments to sections 346-64, which constitute the substance of this bill, shall take effect on July 1, 1988 and be repealed as of June 30, 1991.

Your Committees have also amended the bill as follows:

- (1) Restored the definition of "personal care services" in section 346-64(b) to its original statutory language;
- (2) Deleted the provision that a plan of care shall be based on the physician's orders and specify required services and desired outcomes, and instead provided that the plan of care may provide for differential levels of case management; and
- (3) Provided that the appropriation should be expended on new recipients who are not currently eligible for medical assistance, and not be used as a substitute or supplement of existing private or public funding for personal care services.

Your Committees have also made technical amendments which have no substantive effect.

Your Committees on Health and Human Services are in accord with the intent and purpose of S.B. No. 1450, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 1450, S.D.1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees.

SCRep. 1588 Health on S.B. No. 2512

The purpose of this bill is to authorize the Department of Health to accredit persons to conduct asbestos inspections, develop asbestos management plans, and design asbestos abatement projects in Hawaii's schools and other public and private buildings.

The federal Asbestos Hazard Emergency Response Act of 1986 (AHERA) established regulations for controlling asbestos materials in America's public and private schools utilizing specially trained and accredited persons to conduct inspections for asbestos, develop management plans, and design and conduct response actions. AHERA requires each state to adopt accreditation plans conforming, at minimum, to the model plan adopted by the U.S. Environmental Protection Agency on April 30, 1987.

Your Committee received supporting testimony from the Director of Health and finds that the Contractors License Board in the Department of Commerce and Consumer Affairs is in the process of adopting rules, pursuant to Act 157, Session Laws of Hawaii 1987, to accredit asbestos contractors and their employees. This bill will enable the Department of Health to establish an accreditation plan for asbestos inspectors, management planners, and abatement project designers, in conformance with the federal requirement.

Your Committee has amended this bill by adding an appropriation of \$54,000 to the Department of Health to establish and administer the accreditation program. The appropriation shall be effective as of July 1, 1988, while the rest of the bill shall take effect upon approval.

Your Committee has also amended the bill by clarifying in SECTION 5 that the Department of Health shall adopt rules to carry out the purposes of the bill and deleting the reference to rules required under section 321-11(26).

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2512, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2512, S.D.1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1589 Consumer Protection and Commerce on S.B. No. 2501

The purpose of this bill was to create the position of condominium specialist in the Department of Commerce and Consumer Affairs to assist the Real Estate Commission with condominium-related inquiries.

The position would be funded by means of an equitable assessment collected annually from each condominium association in the State.

Your Committee heard substantial testimony establishing the need for this kind of position, and finds that a condominium specialist would be useful to consumers in matters requiring information, advice, and referral and would be of benefit to the Department and the Commission in administering Chapter 514A, Hawaii Revised Statutes and Chapter 107 of the Administrative Rules for Horizontal Property Regimes.

However, your Committee also finds that the requirements for the position and the duties and responsibilities thereof should be more clearly set forth in the bill. In addition, your Committee finds that the position should be established on an experimental basis for two years, which will allow sufficient time to evaluate the position's effectiveness and determine what changes, if any, should be made to Chapter 514A. Your Committee has amended the bill accordingly, and has added a drop dead date of June 30, 1990 for the position and provided that the Department shall submit a report to the 1991 Legislature on the effectiveness of the position and recommendations for amending Chapter 514A.

Your Committee has further amended the bill by deleting the assessment on condominium associations and inserting an appropriation of \$44,400 to fund the condominium specialist position through June 30, 1990 as an SR-21B, by changing the effective date to July 1, 1988, and by making a technical nonsubstantive change.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2501, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2501, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1590 Labor and Employment on S.B. No. 3368

The purpose of this bill is to exempt owner-employees from unemployment compensation payments and benefits.

Your Committee has amended this short form bill to specify that "employment," with regard to coverage for unemployment benefits, does not include service performed by an individual in the employ of a corporation in which that person owns more than twenty-five percent interest, unless the corporation elects to and actually provides coverage for such employee.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 3368, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 3368, S.D. 1, and be recommitted to the Committee on Labor and Employment for further consideration.

Signed by all members of the Committee.

SCRep. 1591 Labor and Employment on S.B. No. 3367

The purpose of this bill is to deny unemployment compensation benefits to strikers.

Your Committee has amended this short form bill to specify that "labor dispute" includes any strike whether or not business activities are curtailed; that the Department of Labor and Industrial Relations shall determine if an individual is responsible for the labor dispute; and that a claimant shall be entitled to unemployment benefits if the unemployment continues more than one week after the conclusion of the labor dispute.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 3367, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 3367, S.D. 1, and be recommitted to the Committee on Labor and Employment for further consideration.

Signed by all members of the Committee.

SCRep. 1592 Planning and Environment on S.B. No. 2396

The purpose of this bill is to appropriate funds to the Department of Health to hold a one-and-a-half day conference on litter in 1989.

The conference would include speakers and resource people from the mainland and neighbor islands, bringing together all of the parties who are interested in litter control, including experts from states with successful programs, such as Oregon, Michigan, and California.

Your Committee heard testimony from the Director of Health, Hawaii Hotel Association, Senator Robert Herkes, and the Executive Director of the Hawaii Food Industry Association in support of this bill, recognizing it as a powerful initiative to reduce litter throughout the State.

Your Committee has amended this bill to specify \$25,000 as the amount to be appropriated.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2396, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2396, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1593 Planning and Environment on S.B. No. 2384

The purpose of this bill is to exempt, from the general excise tax, gross proceeds arising from the purchase or sale of used motor oil by a licensed transporter, marketer, or burner of used motor oil.

Oil recycling is an environmentally sound practice which is characterized by a relatively low margin of profit. This bill will encourage transporters, marketers, and burners of used oil to further increase their recycling activities by exempting them from the general excise tax. This would provide incentives to recyclers for the environmental benefit of the State.

Your Committee received supporting testimony from the Director of Health, the Hawaii Automotive & Retail Gasoline Dealers Association, and Unitek Environmental Services, Inc., and finds that recycling used oil is in the public interest and merits legislative encouragement. Your Committee further finds that the small amount of tax dollars which may be lost to the State will be offset by savings of clean-up expenditures which would otherwise have to be made if current indiscriminate dumping is not curtailed.

Your Committee has amended the bill by changing the references to "motor oil" to "oil" to be consistent with the language and definitions of chapter 342, part VII, and by providing that the life of the exemption shall be from January 1, 1989 to December 31, 1990.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2384, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2384, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1594 Planning and Environment on S.B. No. 2343

The purpose of this bill is to appropriate \$50,000 from the general fund to provide one temporary position for the counties of Hawaii, Kauai, and Maui and for the purchase of equipment and for other expenses which are necessary to conduct litter control activities on the neighbor islands.

Your Committee heard favorable testimony by the Director of Health demonstrating a need for an additional position in the Kona area of Hawaii County.

Your Committee is aware that funds were appropriated during the 1987 Legislature for the temporary positions to conduct litter control activities. Therefore, upon consideration, your Committee has amended the bill to appropriate funds for only one additional position in the Kona area of Hawaii County and for the purchase of equipment and for other expenses which are necessary to conduct litter control activities on the neighbor islands.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2343, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2343, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1595 Planning and Environment on S.B. No. 2333

The purpose of this bill is to appropriate funds to the Hawaii Nature Center (HNC) to expand its non-profit educational services by establishing a Mobile Nature Education Program.

Allocation of the requested funds will provide for the purchase of a customized van, to be equipped for use as the mobile nature education center, and also provide for the hiring of the staff required to launch the program. State funding is expected to be phased out within three years. As private funds increase, the program will eventually becoming self-supporting.

Your Committee received supporting testimony from the Outdoor Circle, William W. Paty, chairman of the Department of Land and Natural Resources, and The Hawaii Nature Center indicating that the public awareness, appreciation, and understanding of Hawaii's rich, but fragile island ecosystems, are essential for the survival of the unique flora and fauna. The mobile program will visit schools and selected parks, forest reserves, and natural area reserves, allowing HNC to offer expanded educational programs to 6000 additional kindergarten through fourth grade children.

Upon consideration of the testimony, your Committee has amended the bill to insert the amount of \$76,802 as the sum appropriated.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2333, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2333, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1596 Education on S.B. No. 2352

The purpose of this bill is to appropriate \$44,000 to be expended by the Department of Labor and Industrial Relations as a purchase of service to provide educational programs and activities at the Kihei Youth Center.

The Director of Labor and Industrial Relations submitted supporting testimony.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2352 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. 1597 Education on S.B. No. 2282

The purpose of this bill is to appropriate an unspecified sum to be expended by the Department of Education for a permanent account clerk position at the Waipahu Community School for adults.

Your Committee received supporting testimony from the Superintendent of Education.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2282 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. 1598 Education on S.B. No. 2474

The purpose of this bill is to appropriate \$300,000 to implement a pilot program for a public awareness campaign with Hawaii's four major broadcasting stations, to influence attitudes toward education and create an appreciation for education in this State.

Your Committee heard testimony by the Superintendent of Education supporting development of a multimedia public awareness campaign as part of the Communications Plan for the Department of Education.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2474 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. 1599 Education on S.B. No. 2690

The purpose of this bill is to appropriate \$10,000 for a conference conducted by Elementary School Center-Hawaii.

The funds appropriated will be used to defray the expenses of the Fall 1988 conference, "A Coalition on Behalf of Children." The Department of Budget and Finance is designated as the expending agency.

Your Committee finds that education and meeting social needs should not be the sole responsibility of the school, but rather a shared responsibility of the community in general. In order to achieve this goal, the school must join forces with other agencies, both private and public, to meet the needs of children.

The upcoming conference "A Coalition on Behalf of Children" will bring together educators, governmental officials, pediatricians, mental health representatives and a host of others to explore how a coalition of those concerned with the education of young children may be formed to meet our pressing needs.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2690 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. 1600 Education on S.B. No. 2611

The purpose of this bill is to appropriate \$28,515 to be expended by the Department of Education for an cooperating teacher/host inservice training program.

Your Committee received supporting testimony from the Superintendent of Education and the Hawaii State Teachers Association and finds that this appropriation will assist in implementing cooperative activities between the University of Hawaii and the Department.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2611 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. 1601 Education on S.B. No. 2581

The purpose of this bill is to appropriate unspecified funds for an auditorium at Pearl City High School.

The bill will authorize the issuance of general obligation bonds and appropriate the same unspecified sum for planning, designing, constructing, and equipping an auditorium at the school facility.

Your Committee received supporting testimony from the Superintendent of Education and finds this project is in the public interest.

Your Committee has amended the bill to delete the reference to the communities to be served.

Your Committee is in accord with the intent and purpose of S.B. No. 2581, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2581, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1602 Education on S.B. No. 3022

The purpose of this bill is to appropriate \$42,450 to be expended by the Executive Office on Aging to develop a senior resource inventory to enhance public education.

Your Committee received supporting testimony from the Superintendent of Education, the Director of the Office of Children and Youth, and the Director of the Executive Office on Aging, among others, and finds that this bill will enable and encourage Hawaii's retired population to offer their experience and skills in the public school system in areas such as tutoring, teacher assistance in the classroom, clerical support, and literacy tutoring.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 3022 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. 1603 Education on S.B. No. 3312

The purpose of this bill is to appropriate funds to provide scholarships to qualifying candidates for a six credit, two-week-live-in teacher institute at the University of Hawaii (UH).

The program will focus on academic skills for specific application to Hawaiian language immersion education.

Your Committee heard testimony by the Superintendent of Education, UH Vice President for Academic Affairs, and others supporting the process of generating a pool of resources for Hawaiian language immersion instruction.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 3312 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. 1604 Education on S.B. No. 3326

The purpose of this bill is to appropriate \$60,000 to fund a purchase of service agreement between the Mental Health Division of the Department of Health and the Kalihi-Palama YMCA to provide outreach counseling to alienated adolescents in the Kalihi-Palama and Windward areas of Oahu.

Your Committee received supporting testimony from the Administrative Supervisor of YMCA Outreach Services and the Department of Health, and finds that this bill will enable the provision of valuable services to at least forty-five teenagers in need of outreach counseling.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 3326 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. 1605 Higher Education on S.B. No. 3249

The purpose of this bill is to amend the laws of the State of Hawaii relating to higher education.

Your Committee has amended this short form bill to include the following:

- 1) An appropriation section authorizing the Director of Finance to issue general obligation bonds in the sum of \$1,866,000 and appropriating the same sum for fiscal year 1988-1989 for the construction of a higher education instructional facility in West Hawaii, county of Hawaii.
- 2) A section designating the University of Hawaii as the expending agency.
- 3) A section designating July 1, 1988 as the effective date of this bill.

One of the major needs of higher education in the State is the delivery of educational services to areas beyond reasonable commuting distances from campus sites. The geographic area with the greatest need in the State for increased higher education opportunities is West Hawaii.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 3249, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 3249, S.D. 1, and be recommitted to the Committee on Higher Education for further consideration.

Signed by all members of the Committee.

SCRep. 1606 Labor and Employment on S.B. No. 3325

The purpose of this bill is to provide for a definition of "independent contractor" to be applied consistently to various labor law provisions.

Presently, an employer-employee relationship is determined by the ABC test provision contained in Section 383-6 of the Employment Security Law, Section 21-1-1 of the Temporary Disability Insurance Administrative Rules and Section 12-12-1 of the Prepaid Health Care Administrative Rules.

The Workers Compensation law and its administrative rules, as well as the Wage and Hour Law and the Payment of Wages and Other Compensation Law, however, use an "economic reality" test to determine if an employer-employee relationship exists.

Your Committee has amended this short form bill to require that two elements must be met for an independent contractor relationship to exist:

- (1) The individual has been and will continue to be free from control or direction over the performance of such service, both under the individual's contract of hire and in fact; and
- (2) The individual is customarily engaged in an independently established trade, occupation, profession, or business of the same nature as that involved in the contract of service.

The two elements are taken from Section 383-6, Hawaii Revised Statutes, relating to the Employment Security Law, and are applied to the Worker's Compensation Law, the Wage and Hour Law, the Temporary Disability Insurance Law, and the Prepaid Health Care Law.

Your Committee deleted the requirement that the service must be either outside the usual course of the business for which the service is performed or that the service is performed outside of all the places of business of the enterprise for which the service is performed.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 3325, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 3325, S.D. 1, and be recommitted to the Committee on Labor and Employment for further consideration.

Signed by all members of the Committee.

SCRep. 1607 Higher Education on S.B. No. 2856

The purpose of this bill is to allow the University of Hawaii at Hilo to use the Vocational and Technical Training Projects Revolving Fund established under Section 304-8.4, Hawaii Revised Statutes.

Presently, the fund is used exclusively for the community colleges to pay for vocational and technical training projects, and supplies, equipment, and other services.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 2856 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. 1608 Higher Education on S.B. No. 2946

The purpose of this bill is to appropriate \$62,376 to the Family Community Leadership (FCL) program.

Your Committee received supporting testimony from the Dean of the College of Tropical Agriculture and Human Resources and several FCL volunteers. The testimony indicates that the FCL is an educational program which increases participation of family members in community decision making involving important public issues.

Your Committee finds that the appropriation will provide for necessary administrative staffing, and cover operational costs for planning, management and implementation of the FCL program.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 2946 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. 1609 Transportation on S.B. No. 2225

The purpose of this bill is to appropriate \$850,000 to the city and county of Honolulu to improve Moanalua Road from Pali Momi Street to the Aiea Interchange.

This project would widen the present two-lane road to one with a sixty-four foot pavement and sidewalks on each side of the road from Pali Momi Street to Aiea Heights Drive, and a fifty-four foot pavement and sidewalks on each side of the road from Aiea Heights Drive to Aiea Interchange. This would relieve traffic congestion, improve traffic circulation and increase pedestrian safety, especially for young children walking to and from school.

The appropriation represents one-half of the local share of the overall cost, the city and county of Honolulu would provide the other half.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2225 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. 1610 Transportation on S.B. No. 2646

The purpose of this bill is to appropriate money for placement of additional channel marker buoys in various harbor entrances.

Your Committee received supporting testimony from the Department of Transportation and finds that the sum of \$200,000 will cover the cost of design and installation of channel marker buoys and other necessary navigation aids.

Your Committee notes that the testimony recommends that these harbor projects be accomplished under a Capital Improvement Program entitled "Aids to Navigation-Statewide."

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2646 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. 1611 Transportation on S.B. No. 2685

The purpose of this bill is to appropriate \$95,000 to replace Honopou Bridge at Hamakualoa, Makawao, Maui.

Your Committee received supporting testimony from the Chairperson of the Board of Land and Natural Resources. The testimony indicated that the existing Honopou Bridge is a make-shift structure which has been flooded out on several occasions.

Your Committee finds that there is a need to build a new bridge that will meet safety and loading standards at Hamakualoa, Makawao, Maui.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2685 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. 1612 Transportation on S.B. No. 2893

The purpose of this bill is to appropriate funds for improvements on the Nawiliwili Small Boat Harbor access road, Kauai.

This bill appropriates \$250,000, of which \$25,000 will be used for design and \$225,000 will be used for construction, for paving and widening the vehicular access to the boat launching ramp and other facilities on the Nawiliwili Small Boat Harbor access road.

Your Committee has amended the bill by deleting the amount appropriated for the construction portion, leaving only a \$25,000 appropriation for the design to improve the road.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2893, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2893, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1613 Transportation on S.B. No. 2894

The purpose of this bill is to appropriate \$2,500,000 for the maintenance and resurfacing of Kauai's highways. The Department of Transportation is designated as the expending agency.

The Highways Division of the Island of Kauai has only enough money budgeted for major resurfacing projects once every fifteen years. The life-span of the roads which have been paved using currently acceptable materials is, on the average, ten years. Kauai receives more rainfall than most places throughout the State, causing their roadways to deteriorate at a faster rate.

Your Committee finds that the Kauai Highways Division has been unable to meet a reasonable resurfacing schedule due to budgetary constraints. This bill would provide the Kauai Highways Division a one-time appropriation which would allow them to adhere to such a resurfacing schedule.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2894 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. 1614 Transportation on S.B. No. 3072

The purpose of this bill is to provide an incentive for private employers to operate van pools or private bus services for their employees.

Over the years the State of Hawaii has experienced a surge in traffic congestion, due mainly to the increase in the number of cars on our roadways. Various transportation programs have been studied and implemented to help alleviate this problem.

This bill makes a concerted effort to relieve some of the traffic congestion on Hawaii's roads and highways by providing a tax credit of fifty percent of the actual cost of purchasing, operating, and maintaining the vehicle, against net income tax liability for every year in which the van pool or bus service is provided.

Your Committee has amended the bill by changing the tax credit amount from fifty percent to twenty percent. This amendment should provide sufficient incentives to the private sector without placing an undue burden on state tax revenues and is consistent with other tax credits.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 3072, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3072, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1615 Transportation on S.B. No. 3338

The purpose of this bill is to appropriate funds for the planning of an interisland ferry system and for interisland ferry facilities.

Given the present situation of only two interisland air carriers transporting visitors and residents from island to island, and the cost of air fare continuing to rise, the concept of an interisland ferry system appears to be an attractive alternative. Your Committee finds that this concept is in line with the Hawaii State Plan's objective to seek transportation systems that service statewide needs and promote the efficient, economical, safe, and convenient movement of people and goods.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 3338 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. 1616 Transportation on S.B. No. 3339

The purpose of this bill is to appropriate \$100,000 to the Legislative Auditor to conduct a management and financial audit of the State Highway, Airport Revenue, and Harbor Special Funds.

Except for the Airport Revenue Fund, the funds are at various stages of facing depletion. The State Highway Fund is scheduled to face a deficit by the year 1991, and the Harbor Special Fund may be diminished by the proposed redevelopment of Honolulu Harbor.

Your Committee finds that it is essential for the Legislature, to have at its disposal, requisite information to evaluate and make decisions regarding these various Funds. Therefore, an audit at this time is not only prudent, but necessary to insure the proper administration of these Funds.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 3339 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. 1617 Transportation on S.B. No. 3346

The purpose of this bill is to appropriate \$20,000,000 for the resurfacing of State highways. The Department of Transportation is the designated expending agency.

Ideally, highways should be resurfaced once every ten to twelve years, given the normal life expectancy of the materials currently used to construct roadways. The State Highways Division of the Department of Transportation is limited by budgetary constraints to a resurfacing schedule of once every twenty years. Roads that are in very poor condition, which threaten a driver's safety and subject the driver's vehicle to excessive wear, are often not repaved due to these budgetary deficiencies.

Your Committee finds that this appropriation would provide a one-time supplement to the State highway fund, to enable the Department to "catch up" to a resurfacing schedule that would ensure a safe highway system.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 3346 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. 1618 Transportation on S.B. No. 3348

The purpose of this bill is to appropriate \$100,000,000 to the State highway fund. The Department of Transportation is designated as the expending agency.

The State highway special fund is a revolving fund established within the Department of Transportation to build and maintain our highways system throughout Hawaii. Due to a lack of adequate revenues in the fund, many critical capital improvement projects have been delayed or not undertaken.

Budgeting for new highways is affected by this lack of revenue causing the Highways Division to forego projects only because Federal funds would not be available. Although many necessary projects are not being initiated, the highway fund is facing a projected deficit in fiscal year 1991.

Presently, the highway special fund is being reviewed, with recommendations for increasing revenues to be forthcoming. Even with increased revenues, the highway fund will not have enough capital to enable the Highways Division to adequately fund the necessary capital improvement projects.

Transportation has been listed by many pollsters as the number one concern of state voters. This appropriation would provide for a one-time transfer from the general fund, with its surplus in excess of \$400 million, to the highway special fund. This appropriation would be used to accelerate projects such as the Kalanianaʻole Highway renovation, the Interstate H-1 interchange reconstruction to Middle Street, the Lahaina bypass road, a mauka bypass road for Lihue, and improvements to Saddle Road, Hawaii, and other such critical capital improvement projects that are needed now, not ten years hence.

Your Committee finds that with this infusion of capital, and an increase of the highway special fund revenue sources, the Highways Division will be able to substantially alleviate many of our most critical transportation problems.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 3348 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. 1619 Military and Civil Defense on S.B. No. 2017

The purpose of this bill is to establish a Hawaii National Guard Contingency Fund to defray costs incurred by the Department of Defense relating to the activation of the Hawaii National Guard. The bill appropriates \$50,000 to establish the Fund and provides that the same amount shall be appropriated each year and lapse if not expended or encumbered.

Your Committee received supporting testimony from the Adjutant General of the State of Hawaii and finds that the fund would be useful and serve the public interest when the Guard is utilized in undeclared disasters and emergencies, and would relieve some of the pressure on the State Major Disaster Fund when the Guard is employed in response to a state-declared disaster.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 2017 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. 1620 Military and Civil Defense on S.B. No. 2013

The purpose of this bill is to provide University of Hawaii tuition waivers to dependents of Hawaii National Guard and U.S. Armed Forces Reserve members who are killed while on federal or state duty.

Currently, the waiver applies only to enlisted persons, warrant, or company grade officers in the Hawaii National Guard or in the reserve components of the Army, Navy, Air Force, Marine Corps, and Coast Guard.

Your Committee received supporting testimony from the Adjutant General of the State of Hawaii and the University of Hawaii, and finds that this bill will provide to surviving dependents an opportunity to reconstitute their shattered lives and to shape a brighter future for themselves. At a minimum this bill will provide a surviving spouse an opportunity to improve his or her employability, and in the case of children, will insure that higher education will not be out of their reach.

Your Committee, upon further consideration, believes that these benefits should also be extended to dependents of members who became totally and permanently disabled in the line of duty, in that they experience similar hardships and loss of educational opportunities. Your Committee has, therefore, amended the bill accordingly.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 2013, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2013, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1621 Agriculture, Energy and Ocean Resources on S.B. No. 2045

The purpose of this bill is to repeal the tax credit authorized by section 235-12.2, Hawaii Revised Statutes, which allows taxpayers to claim an income tax credit for the insulation of hot water heater tanks and hot water pipes.

In order to qualify for the credit, the insulation must have been installed prior to December 31, 1984. Although excess credit could be carried over to subsequent years it is doubtful that any credits are being carried forward at this date; therefore, repeal of the law is appropriate.

Your Committee has amended this 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. 2045, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2045, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1622 (Joint) Agriculture, Energy and Ocean Resources and Business Development and Pacific Relations on S.B. No. 2195

The purpose of this bill is to establish a \$1,000,000 revolving loan program to stimulate business development and growth, especially diversified agriculture, on the island of Molokai.

Your Committees received supporting testimony from the Department of Agriculture, the County of Maui, The Office of Hawaiian Affairs, the Molokai Task force, commercial and community organizations, and concerned individuals, and find that cessation of commercial pineapple cultivation and recent cattle depopulation has depressed Molokai's economy, and that the island's unemployment is the highest in the state. Expansion of diversified agriculture represents a realistic chance for restoration of a healthy economy on Molokai, but many residents presently would not qualify for commercial and government sponsored small business loans needed to start up diversified agricultural ventures.

Your Committees also find that a government funded revolving loan fund, with more liberal qualifying requirement terms and an attendant higher risk of default than the present Department of Agriculture loan program, is necessary to facilitate growth of diversified agriculture and economic revival on Molokai.

Your Committees have generally rewritten the bill to make the following amendments:

- (1) Replaced the Department of Agriculture with the County of Maui as the expending and administrating agency;
- (2) Reduced the maximum amount of a loan to \$150,000, and changed the interest charged on each loan from four percent to a rate that conforms with the Department of Agriculture's "Agricultural Loans" program;
- (3) Provided for the adoption of rules by the Department of Agriculture and the County of Maui working in concert;
- (4) Required the county of Maui to submit annual reports to the Governor and the Legislature on the status of the fund; and
- (5) Changed the effective date of the bill to July 1, 1988.

Your Committees on Agriculture, Energy and Ocean Resources and Business Development and Pacific Relations are in accord with the intent and purpose of S.B. No. 2195, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2195, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees.

SCRep. 1623 Agriculture, Energy and Ocean Resources on S.B. No. 2219

The purpose of this bill is to appropriate \$75,000 for the development of a comprehensive plan to utilize ocean resources in nearshore areas, to include but not be limited to potential uses such as recreation, harbor, aquaculture, reclamation, and conservation.

Favorable testimonies were received from the Department of Business and Economic Development and from a concerned citizen. The need for additional funds to provide for planning for nearshore ocean resource uses was cited.

Your Committee has amended the bill by increasing the appropriated amount from \$75,000 to \$85,000, the minimum necessary for the development of a comprehensive plan.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2219, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2219, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1624 Agriculture, Energy and Ocean Resources on S.B. No. 2274

The purpose of this bill is to appropriate funds for the promotion of milk produced in Hawaii, to be matched dollar-for-dollar by the Hawaii Fresh Milk Industry.

Your Committee received testimony from the Chairperson of the Board of Agriculture and a representative from the Hawaii Milk Marketing Cooperative in support of this bill. Over the years, the Department of Agriculture and the milk industry have jointly participated in numerous "Island Fresh" milk promotional programs. In 1983, the first contract year, the industry contributed approximately sixty percent of the total promotional funds. However, in 1984, the industry failed to meet its share of the matching funds and, thus, the promotional program was reduced accordingly.

Your Committee, upon consideration of this bill, believes that the milk industry in Hawaii could utilize additional promotional support in order to maintain its share of the local market, particularly during the summer months when schools are out and the demand for milk is low. Therefore, your Committee has amended the bill to appropriate \$37,500 of non-matching funds, to be expended by the Department of Agriculture.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2274, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2274, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1625 Agriculture, Energy and Ocean Resources on S.B. No. 2276

The purpose of this bill is to prohibit the sale of any agricultural commodity that is labeled "Island Fresh", if the commodity in its entirety was not produced in Hawaii, or in the case of processed products, if the product was not at least ninety percent produced in the State.

Testimony submitted by the Hawaii Food Manufacturers and the Hawaii Food Industry Association indicated that the labeling provision was too broad in its coverage of commodities and that, if enacted, would create marketing problems to existing businesses. Due to these concerns, your Committee has amended the bill by narrowing its scope to milk or milk products only.

Your Committee has also 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 S.B. No. 2276, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2276, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1626 Agriculture, Energy and Ocean Resources on S.B. No. 2357

The purpose of this bill is to appropriate funds for a geothermal awareness project on the island of Hawaii.

Currently, developing Hawaii's geothermal energy resource is a top priority. This bill will appropriate funds to educate the public about the benefits of geothermal energy.

Your Committee received supporting testimony from the Office of the Mayor of Hawaii, the Department of Business and Economic Development, the Natural Energy Laboratory of Hawaii, and the Hawaiian Electric Company, and finds that the bill encourages efforts to promote the development of geothermal energy.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2357 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. 1627 Agriculture, Energy and Ocean Resources on S.B. No. 2358

The purpose of this bill is to appropriate \$3,000,000 to finance the efforts to stimulate the development of geothermal energy and determine the size of Hawaii's geothermal reservoirs.

A consortium involving the University of Hawaii, energy-related organizations, and the private industry will make efforts to develop a plan which could trigger more than \$50 million in private sector and Federal funds, and lead to a \$2 billion geothermal and deep cable program.

Your Committee has received supporting testimony from the University of Hawaii, Hawaii Natural Energy Institute; the state Department of Business and Economic Development; Hawaiian Electric Company and other private companies; and the Mayor of the County of Hawaii.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2358 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. 1628 Agriculture, Energy and Ocean Resources on S.B. No. 2473

The purpose of this bill is to appropriate \$125,000 for research to control anthurium blight or bleach.

Your Committee received testimony from the College of Tropical Agriculture and Human Resources, the Governor's Agricultural Coordinating Committee, the Hawaii County Council, and the Hawaii Farm Bureau Federation emphasizing the importance of continuing research on finding means of combatting the anthurium blight, which is affecting the economic viability of the industry. A survey estimated that the industry incurs annual losses close to one million dollars.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2473 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. 1629 Agriculture, Energy and Ocean Resources on S.B. No. 2605

The purpose of this bill is to appropriate money to subsidize the agricultural quantity rate of the Board of Water Supply of the City and County of Honolulu.

Presently, there are scheduled yearly increases for the agricultural quantity rate set to begin on July 1, 1988. This bill would appropriate funds for a subsidy to the Board only if the Board fixes the 1988-1989 rate at the November 30, 1987 level. The bill also requires the Board of Water Supply to submit a report on alternative means of financing to maintain the proposed quantity rate prior to the convening of the 1989 Regular Session of the Legislature.

Your Committee received testimony from the Chairperson of the Intergovernmental Relations Committee of the Honolulu City Council, the Hawaii Farm Bureau Federation and the Manager of the Board of Water Supply, all of which indicated that the diversified agricultural industry cannot tolerate the proposed Board of Water Supply agricultural quantity rate increase and effectively compete with mainland imports.

Your Committee finds that the subsidy is essential for continued operation of diversified agricultural enterprises while allowing the Board of Water Supply to cover annual capital and operating costs.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2605 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. 1630 Agriculture, Energy and Ocean Resources on S.B. No. 2904

The purpose of this bill is to amend Act 216, Session Laws of Hawaii 1987, Section 280, item A. 14 to include a cost breakdown for plans, design and construction of a house hydro-cooler and ice machine at the Kula Vacuum plant on Maui.

Your Committee, on the recommendation of the Board of Agriculture, has amended the bill specifying that the appropriation shall be for a forced air cooler, an ice machine and other equipment.

Your Committee finds that a forced air cooler is more efficient than a hydro-cooler in preparing cauliflower, the vegetable targeted for acreage expansion in Kula.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2904, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2904, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1631 Agriculture, Energy and Ocean Resources on S.B. No. 3010

The purpose of this bill is to appropriate \$50,000 for the design and construction of a slaughter house meat packing plant at Kaunakakai, Molokai, County of Maui.

Your Committee received supporting testimony from the President of the Molokai Grazers Association. The testimony indicated that it is important to the livestock industry on Molokai to have a slaughter house and meat packing plant that meets Federal certification standards.

Your Committee has amended the bill by (1) indicating that the appropriation is for fiscal year 1988-1989; (2) changing the expending agency from the Department of Agriculture to the Governor's Agriculture Coordinating Committee; and (3) changing the effective date from upon approval to July 1, 1988.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 3010, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3010, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1632 Agriculture, Energy and Ocean Resources on S.B. No. 3043

The purpose of this bill is to provide funds for and to offset costs for research performed by the sugar industry.

The bill appropriates \$2,000,000 for sugar research and development in fiscal year 1988-1989, provided that the Hawaiian Sugar Planters' Association (HSPA) matches the appropriation dollar for dollar. The bill also appropriates \$500,000 to the College of Tropical Agriculture and Human Resources (CTAHR) in fiscal year 1988-1989 for research and development of alternative crops and of sugarcane, including its byproducts and use of its wastewaters.

Your Committee received favorable testimony from the Department of Agriculture, the College of Tropical Agriculture and Human Resources (CTAHR), the Governor's Agriculture Coordinating Committee, and the Hawaiian Sugar Planters' Association (HSPA). The sugar industry is the largest agriculture industry in Hawaii and has experienced financial difficulty in recent years primarily due to unfavorable national and international sugar politics and policies. The adverse effects of losing the sugar industry would be catastrophic to the State. The Hawaiian sugar industry is the world's most productive, in terms of sugar yield per acre and sugar yield per employee. The future of Hawaii's sugar industry is dependent on continuing sugar research, which has brought the industry to its present level of efficiency.

Your Committee finds that it is in the public interest to provide research funds to the sugar industry and thereby offset some of the costs to the industry.

Your Committee further finds that the CTAHR has a wealth of talent, expertise, and research capability that can well serve the sugar industry, if these capabilities were harnessed, focused and further committed to the sugar industry. Therefore, the \$500,000 appropriated to the CTAHR is to expand and improve sugar research, staff commitment, communication, and collaboration in and between the CTAHR and the sugar industry in general, and the HSPA in particular.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 3043 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. 1633 Agriculture, Energy and Ocean Resources on S.B. No. 3044

The purpose of this bill is to provide deferment of loan payments for sugarcane growers or processors under certain conditions.

This bill amends Chapter 155, Hawaii Revised Statutes, by adding a section which defers loan payments of sugarcane growers or processors who can demonstrate severe economic difficulty and are in imminent danger of closing operations, or otherwise unable to meet current obligations. The deferment plan would require the approval of the Department of Agriculture and the Board of Agriculture.

Your Committee finds that the deferment of loan payments will benefit Hawaii's sugar industry by giving sugarcane growers and processors temporary economic relief from crop shortages caused by the recent adverse weather changes.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 3044 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. 1634 Agriculture, Energy and Ocean Resources on S.B. No. 3185

The purpose of this bill is to exempt all the gross proceeds arising from the sale of alcohol fuels from general excise taxes.

Your Committee received supporting testimony from the Director of Business and Economic Development, the Biofuels Project Manager and the Director of the Hawaii Natural Energy Institute. The testimony indicated that the production and use of locally produced biomass-derived alcohol liquid fuels should be encouraged to reduce crude oil and gasoline imports and to promote the State's self-sufficiency in energy.

This bill will encourage production and use of alcohol fuels by way of a tax exemption. Further, by replacing the term "gasohol" with "alcohol fuels," all proceeds from the sale of all alcohol fuels and blends will be exempt from taxes.

Your Committee finds that the proposed tax incentive would encourage the development of an agro-chemical industry. The anticipated returns to the State would include reduced energy imports, new jobs and new taxes generated from the agro-chemical industry.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 3185 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. 1635 Agriculture, Energy and Ocean Resources on S.B. No. 2024

The purpose of this bill is to establish the Hawaii Ocean Resources Management Program to assure the conservation and development of ocean resources affecting Hawaii.

This bill also establishes a Hawaii Ocean Resources Management Task Force of State, County and other representatives with interests involving the ocean; a Task Force Advisory Committee (scientific and technical advisory to the Task Force); coordination with federal agency programs; compatibility with County plans; and communication with, and participation by the public.

The Hawaii Ocean Resources Management Program would, among other things, promote and insure effective management of living and non-living marine resources within State jurisdiction, insure effective participation in federal agency planning and management of ocean resources and uses which may affect the State, coordinate State management of ocean resources with County management of coastal shorelands and resources, and provide opportunity for research and new and innovative technologies to develop sound and environmentally responsible ocean planning and management.

Your Committee received testimony expressing concern that this bill may nullify current efforts by the state departments to revise the present Hawaii Ocean Management Plan developed under the Hawaii Coastal Zone Management Program.

Your Committee finds that this bill does not negate any on-going efforts under the Ocean Management Plan, but expands the scope of the Plan to include opportunities and responsibilities resulting from the two-hundred mile exclusive economic zone proclaimed by the United States.

Your Committee has amended the bill by appropriating the amount of \$100,000 for use by the task force to carry out the purposes of this bill and 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. 2024, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2024, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1636 Agriculture, Energy and Ocean Resources on S.B. No. 2237

The purpose of this bill is to appropriate \$290,000 to support various agricultural activities.

Your Committee received testimony from the College of Tropical Agriculture and Human Resources, University of Hawaii, the Governor's Agriculture Coordinating Committee, the Hawaii Farm Bureau Federation, and the Kona Coffee Council, and finds that these projects are in the best interest of the agriculture industry and the people of the State of Hawaii, and supports the intent of this bill.

Your Committee has amended the bill by adding the following amounts for agricultural activities:

- 1) \$4,800 to study the use of larvicide "rabon" in animal feed to eradicate the fly problem;
- 2) \$90,000 for research on papaya byproducts as animal feed;
- 3) \$150,000 for the promotion of dendrobium orchids; and
- 4) \$25,000 for a national tropical pest biology center in Hawaii.

The total appropriation authorized by this bill, as amended, is \$559,800.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2237, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2237, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1637 Agriculture, Energy and Ocean Resources on S.B. No. 2359

The purpose of this bill is to appropriate \$72,000 to conduct an independent audit on the utilization of milk received by processing plants.

The General Appropriation Act of 1987 directed the Department of Agriculture to conduct a monthly audit of processed milk during fiscal years 1987-88 and 1988-89. Since funds were not provided for audit purposes, the Department received restricted funds with the approval of the Governor's office to conduct its monthly audit. This appropriation of \$72,000 is requested to continue the audit for the next six months and for calendar year 1988.

Your Committee received testimony from the Chairperson of the Board of Agriculture and a representative from the Hawaii Milk Marketing Cooperative in support of this bill.

Your Committee agrees with the need to conduct a timely monthly audit of milk processed in Hawaii, utilizing the guidelines set forth under the federal milk marketing order.

Your Committee has amended the bill by requiring the monthly audit report to be made available to milk industry groups immediately upon completion. The bill was also amended by deleting the specific verification of class I or II milk in the audit and deleting the phrase "as closely as possible" with respect to compliance with the federal milk marketing order guidelines.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2359, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2359, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1638 (Majority) Agriculture, Energy and Ocean Resources on S.B. No. 2498

The purpose of this bill is to authorize the issuance of general obligation bonds in the sum of \$15,000,000, and to appropriate the same sum for the purchase of Waiki'i Ranch on the island of Hawaii, to be used for the development of an agricultural park.

Testimony was received from the Department of Land and Natural Resources stating that the Waiki'i Ranch lands are probably the best agricultural lands in the State, with excellent growing conditions. Your Committee finds the concept of an agricultural park at Waiki'i is valid, the lands worthy of preservation, and that pursuit of this site is in order.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2498 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 Hagino.
Senator Herkes did not concur.

SCRep. 1639 Agriculture, Energy and Ocean Resources on S.B. No. 3047

The purpose of this bill is to require the Department of Business and Economic Development to publish, update, and maintain a compendium of state ocean and marine policies.

The Department of Business and Economic Development is, by law, the primary state agency involved with ocean and marine policy, and has the responsibility for coordinating the activities of state agencies having interests in marine affairs. The publication of such a compendium should be an integral part of the powers, functions, and operations of an agency having such a pivotal role in the State's marine affairs policies.

The Director of Business and Economic Development testified that the ocean resources branch does not have sufficient staff and resources to carry out this responsibility and recommended that the appropriation section in the bill be amended to specify the sum of \$30,000 to provide for one staff person and printing costs. Your Committee concurs with the recommendation of the Department and has amended the bill accordingly.

Your Committee has further amended the bill by making clarifying language changes regarding the effective date 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. 3047, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3047, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1640 Legislative Management on S.B. No. 2111

The purpose of this bill is to allow the Legislative Reference Bureau (LRB) to utilize the private sector in the printing and distribution of session laws, supplements, and replacement volumes.

The bill also allows the contracted private company to determine prices, sell and distribute volumes, provided that the needs for official use by public officials are met through a contract mutually agreeable to both the private company and LRB.

Your Committee heard testimony from both LRB and a potential publisher who specializes in publishing annotated versions of session laws for twenty-two other states. Publication costs for copies distributed for official use are currently defrayed on copies sold to the private sector. The existence of a privately produced, annotated version will potentially affect the cost to the State for official copies, by reducing the volume sold to the private sector. Testimony from LRB indicated that the bureau will not be relieved of any work since to validate all text the database from which bills are drafted must still be proofread.

Your Committee finds that the intent of this bill is to allow the bureau a choice, based on relevant information in printing and distribution methods and means. Your Committee recognizes further, that the latitude to make a choice may be in the best interests of the State at some future date, and the administration of this bill will still rest with the bureau.

Your Committee has amended the bill to reinforce the designation of LRB as the administrator.

Your Committee on Legislative Management is in accord with the intent and purpose of S.B. No. 2111, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2111, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1641 Legislative Management on S.B. No. 2060

The purpose of this bill is to amend section 28-3, Hawaii Revised Statutes, to reflect no gender designation for the Attorney General.

The bill also reduces the number of times, from four to one, that the Legislative Reference Bureau shall furnish the members of the Legislature with a list of the Attorney General's most recent opinions that are filed with the bureau.

Your Committee on Legislative Management heard no testimony on this bill.

Your Committee on Legislative Management is in accord with the intent and purpose of S.B. No. 2060 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1642 Legislative Management on S.B. No. 2185

The purpose of this bill is to amend section 84-35, Hawaii Revised Statutes, to allow the State Ethics Commission to determine its director's salary.

By deleting reference to the director's salary, the Commission will be able to fix the compensation of its director and all staff members within the amounts made available in its yearly budget.

The Chairperson of the State Ethics Commission testified that eighteen of twenty-three executive directors on state boards do not have salaries fixed by statute. Your Committee finds that the fixing of the salary of the Executive Director of the State Ethics Commission by statute represents an anomalous situation and should be changed to conform with the method of setting salaries of directors on other state boards.

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

Your Committee on Legislative Management is in accord with the intent and purpose of S.B. No. 2185, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2185, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1643 Consumer Protection and Commerce on S.B. No. 2971

The purpose of this bill is to authorize the Insurance Commissioner to study the medical tort liability of obstetricians and gynecologists in the State, and to make an appropriation of \$100,000 to subsidize the liability insurance premiums of certain obstetricians and gynecologists.

Testimony given by the Department of Commerce and Consumer Affairs and the Hawaii Medical Association supported the intent of this bill. The Hawaii Medical Association sees government subsidy as a temporary solution, but recognizes that this would help until more permanent solutions can be found.

Your Committee has amended the bill as follows:

- (1) Included a provision granting legal authority for the Insurance Commissioner to obtain the sometimes confidential information required by the study;
- (2) Included the Department of Health in the study of rural obstetrical and gynecological services and in the designation of the recipients of the medical malpractice premium subsidies;
- (3) Included a separate appropriation, to take effect on July 1, 1988, for a contractor to conduct the research and prepare the report for the Legislature which is required by this bill; and
- (4) Made technical changes which have no substantive effect.

Your Committee believes that this bill, as amended, will have a significant impact on the acute shortage of obstetricians and gynecologists in Hawaii's rural areas, and your Committee looks forward to a time in which such stop-gap measures will no longer be necessary.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2971, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2971, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Fernandes Salling and Nakasato.

SCRep. 1644 Consumer Protection and Commerce on S.B. No. 3298

The purpose of this bill is to establish the Insurance Division Revolving Fund from which the Insurance Commissioner may pay for operational costs not specifically allocated in the executive budget.

Your Committee received supporting testimony from the Insurance Division, Department of Commerce and Consumer Affairs, and finds that this bill will provide the Insurance Division with the flexibility necessary to implement programs and develop personnel needed to responsibly carry out its regulatory functions relating to the insurance industry.

Your Committee has amended the bill by making technical changes which have no substantive effect, including rewriting the appropriation section to conform to recommended drafting style.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3298, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3298, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Fernandes Salling and Nakasato.

SCRep. 1645 Higher Education on S.B. No. 3009

The purpose of this bill is to appropriate \$50,000 for developing and operating a lettuce and carnation wilt virus management program on Maui.

Presently lettuce growers on Maui are suffering great losses from the tomato spotted wilt virus disease. Similarly our carnation industry is also faced with losses caused by four types of fungi.

In 1983, the year that spotted wilt research began on Maui, the Farm Bureau Federation marketed almost six million pounds of head lettuce on approximately three hundred seventy acres. By 1985, production declined one point two million pounds. At an average annual price of twenty-two cents per pound, the loss in farm revenue exceeds two hundred fifty thousand dollars per year.

Your Committee finds that further research on lettuce and carnation wilt virus is essential to prevent further crop shortages.

Your Committee has amended the bill by changing the expending agency from the College of Tropical Agriculture and Human Resources of the University of Hawaii to the Governor's Agriculture Coordinating Committee in order to reflect that the latter has the general coordination and accountability responsibilities over agricultural matters. Your Committee has further amended the bill by changing the effective date from upon approval to July 1, 1988.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 3009, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3009, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1646 Higher Education on S.B. No. 3040

The purpose of this bill is to appropriate funds for enhancing the control of the tomato-spotted wilt virus disease on Maui.

This bill appropriates \$36,000 for developing and operating a tomato-spotted wilt virus management program, including state of the art monitoring, prediction, and reporting services for Maui. The University of Hawaii College of Tropical Agriculture and Human Resources is designated as the expending agency.

The Hawaii Farm Bureau Federation testified that the harvested acreage for tomatoes declined from one hundred forty five acres in 1983 to one hundred five acres in 1986. This decline in harvested acres resulted in a yield reduction of approximately six hundred thousand pounds. At an average farm price of thirty five cents the loss in farm revenue is over two hundred thousand dollars.

Your Committee received testimony from the Governor's Agriculture Coordinating Committee (GACC) and the College of Tropical Agriculture and Human Resources in support of the bill.

The 1987 legislative session appropriated \$85,000 for the tomato spotted wilt problem in Kamuela, designating the GACC as the expending agency. Your Committee believes that the GACC should also be the expending agency for this program, and has amended the bill accordingly.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 3040, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3040, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1647 Higher Education on S.B. No. 3103

The purpose of this bill is to authorize the issuance of general obligation bonds and make an appropriation for the construction of Hale Pohaku Visitor Center at Mauna Kea.

This bill will allow the purchase of a telescope, with appropriate computer control equipment, to be installed within a suitable dome and supporting building. This facility will enhance viewing by the general public and students visiting Hale Pohaku Visitor Center.

Your Committee received testimony from the Institute for Astronomy at the University of Hawaii in support of the bill.

Your Committee has amended the bill by inserting a clause stating that no funds shall be expended unless the telescope is included in the master plan for the proposed educational visitor center, which will include the now standing Hale Pohaku Visitor Center.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 3103, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3103, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1648 Tourism and Recreation on S.B. No. 2245

The purpose of this bill is to appropriate \$400,000 to build a baseball field in Kaunakakai, Molokai, including fencing, lighting, and bleachers.

Your Committee finds that Molokai needs such a baseball field and that this appropriation is consistent with statewide policies and objectives relating to recreation.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2245 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 Nakasato.

SCRep. 1649 Tourism and Recreation on S.B. No. 3310

The purpose of this bill is to allow the department of land and natural resources to charge and collect hunting application fees in addition to selling hunting licenses.

Your Committee has received favorable testimony on the bill from the department of land and natural resources and several sporting organizations. According to the department of land and natural resources, the charging of a nominal hunting application fee may discourage the casual hunter to the benefit of the "serious" hunter, reduce the number of applicants who have been selected to participate in a hunting season but fail to "show up", and decrease as well as defray administrative costs.

Your Committee has amended the bill by making technical, nonsubstantive changes for the purpose of style.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 3310, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3310, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 1650 Tourism and Recreation on S.B. No. 3321

The purpose of this bill is to make an appropriation for ocean awareness exhibits, displays, and other facilities at Sea Life Park.

The bill provides that design and construction shall be preceded by an implementation plan specifying the financial management and operating arrangements agreed to by Sea Life Park and the State, and provides further that Sea Life Park shall be designated as an Hawaii Ocean Awareness Center.

Your Committee finds that Sea Life Park is a valuable resource in the State's arsenal of tourist attractions and recreational areas for local residents. This bill is consistent with State and legislative policies and objectives and would assure that the design, construction, and management of the new facilities will be carried out in an orderly fashion.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 3321 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 Nakasato.

SCRep. 1651 Public Utilities on S.B. No. 2468

The purpose of this bill is to authorize the issuance of special purpose revenue bonds and refunding special purpose revenue bonds to assist Hawaiian Electric Company, Oahu; Hawaiian Electric Light Company, Hawaii; and Maui Electric Company, Maui, in certain capital improvement programs.

The allocations would be made thusly: Hawaiian Electric Company, \$97,410,000; Hawaii Electric Light Company, \$24,000,000; and Maui Electric Company, \$10,000,000. Any project financed by the bonds would require Public Utilities Commission approval, and no funds may be used for nuclear fuel generating units.

Your Committee received supporting testimony from the Chairman of the Public Utilities Commission and the Director of Business and Economic Development, among others, and finds that this bill will lower interest costs to the electric utilities which will be reflected in lower cost of capital which ultimately benefits electricity consumers.

Upon further consideration, your Committee has amended this bill to include authorization to issue special purpose revenue bonds in the sum of \$34,000,000 to assist Kauai Electric with multi-project capital improvements.

Your Committee on Public Utilities is in accord with the intent and purpose of S.B. No. 2468, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2468, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1652 Public Utilities on S.B. No. 2632

The purpose of this bill is to provide funds to the Legislative Auditor to conduct a study of telecommunications activities, and in particular aspects pertinent to Hawaii regarding the deregulation of private coin operated telephones, telephone shared tenant services, interisland telephone service, and the issue of "bypass."

Your Committee received supporting testimony from the Director of Business and Economic Development, the Department of Commerce and Consumer Affairs, the Director of Budget and Finance, the Public Utilities Commission, and others, and finds that the deregulation of certain aspects of the telecommunications industry by the Federal Communications Commission has created new economic opportunities and the possibility of growth of the telecommunications industry in Hawaii. This bill will provide information necessary to pursue such opportunities.

Your Committee has amended the bill to reflect the Legislative Auditor as the expending agency.

Your Committee on Public Utilities is in accord with the intent and purpose of S.B. No. 2632, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2632, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1653 Consumer Protection and Commerce on S.B. No. 3048

The purpose of this bill was to establish the Design Professionals' Compensation Fund within the Department of Commerce and Consumer Affairs to offer professional liability insurance for architects and engineers in excess of basic professional insurance coverage.

The bill establishes a Board of Design Professionals composed of five members appointed by the Governor to manage the Fund and approve all payments for claims. All practicing architects and engineers would be required to pay an annual surcharge into the Fund.

In addition, the bill:

- (1) Establishes criteria and procedures for payment of claims in tort actions exceeding \$100,000;
- (2) Requires insurers to report claims for tort to the Board;
- (3) Requires claims against licensed architects or engineers to be submitted to final and binding arbitration;

- (4) Establishes qualifications for arbitration panels and procedures for arbitration proceedings; and
- (5) Requires every professional liability insurance policy for architects and engineers to include coverage of all defense costs for tort claims.

The bill also includes an appropriation to carry out its purposes, including the hiring of necessary staff.

Your Committee received substantial testimony on this bill and finds that there are sufficient justifications for the actions proposed by this measure.

Your Committee, upon further consideration, has amended the bill as follows:

- (1) Deleted Section 672- , Hawaii Revised Statutes (HRS), on page 13, lines 2 through 13, relating to prohibition of trials de novo;
- (2) Deleted incorrect references to Section 671-13, HRS, on page 16, lines 10 and 12, to read Section 672-13, as it appears in statute;
- (3) Amended Section 7 of the bill by setting forth only subsection (b) of Section 601-20, HRS, and providing that all torts having a probable jury award of under \$250,000 (rather than \$150,000 as currently provided), and all civil actions in tort, regardless of probable value, involving claims of professional negligence by engineers and architects, shall be submitted to the court annexed arbitration program.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3048, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3048, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Fernandes Salling and Nakasato.

SCRep. 1654 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2879

The purpose of this bill is to appropriate an unspecified sum to be expended by the Department of Hawaiian Home Lands to develop sufficient water resources in order to expedite the placement of native Hawaiians on Hawaiian Home Lands in Maui County.

Your Committee received supporting testimony from the Hawaiian Homes Commission and the Office of Hawaiian Affairs and finds that this appropriation will help to develop sufficient water resources in the Lower Kula Water System to facilitate the statewide goals and objectives relating to placement of qualified individuals on Hawaiian homestead lands.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2879 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. 1655 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2228

The purpose of this bill is to authorize \$300,000 in general obligation bonds to be expended by the County of Maui for the paving of Hawaiian Homestead roads in Hoolehua, Molokai.

Your Committee received supporting testimony from the Hawaiian Homes Commission and 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. 2228 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. 1656 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2993

The purpose of this bill is to appropriate an unspecified sum to be expended by the Land Division of the Department of Hawaiian Home Lands to plan, design, and construct water lines for the Lualualei Paheehoe Ridge agricultural subdivision.

Your Committee received supporting testimony from the Chairman of the Hawaiian Homes Commission and the President of the Paheehoe Ridge Association and finds that water storage and distribution are major constraints to improvement of this subdivision and that this bill will allow more satisfactory utilization of the area.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2993 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. 1657 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2626

The purpose of this bill is to appropriate \$105,000 to help fund a Neighborhood Housing Services (NHS) project in Nanakuli.

The funds are to be used for administrative services, along with \$400,000 from the City and County budget targeted to help construct, rehabilitate or expand the Nanakuli neighborhood.

Your Committee heard testimony presented by the Office of Hawaiian Affairs praising the merits of NHS. This program allows a mixture of community persons and business and government representatives to interact under a non-profit umbrella to achieve a self-reliant neighborhood, with many long-term benefits.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2626 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. 1658 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2251

The purpose of this bill is to authorize the issuance of general obligation bonds in the sum of \$5,387,000 and to appropriate that amount to improve the Upcountry Water System, Phase I, Lower Kula, Maui.

Your Committee finds that this bill would provide the resources to alleviate the existing drought conditions in Upcountry Maui. The improved system would benefit the agricultural, industrial, and residential sections, especially the Hawaiian Home Lands' project at Keokea and Waiohuli and provide the necessary water resources for growth and expansion.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2251 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. 1659 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2240

The purpose of this bill is to authorize the issuance of general obligation bonds in the sum of \$3,100,000 to construct the Lahaina Water Treatment Plant.

Your Committee received supporting testimonies from the Maui County Department of Water and Department of Water Supply and finds that the Lahaina Water Treatment Plant would raise the quality of water in Lahaina to meet the proposed standards in the Federal Safe Drinking Water Act.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2240 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. 1660 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2231

The purpose of this bill is to authorize the issuance of general obligation bonds and appropriate funds for the construction of a water treatment plant at Mahinahina.

Your Committee heard supporting testimony from the Maui County Department of Water and Department of Water Supply and finds that this appropriation would raise the quality of water in Maui County to meet the proposed standards of the Federal Safe Drinking Water Act to ultimately benefit Maui and its visitor industry.

The appropriation is contingent upon Maui County providing an appropriation of \$200,000.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2231 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. 1661 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2247

The purpose of this bill is to authorize the issuance of general obligation bonds in the sum of \$2,067,000 and to appropriate that amount for improvements to the Upcountry Water System for Upper Kula, Maui, with the stipulation that the County of Maui provide matching funds of \$205,000.

Your Committee received supporting testimony from the Hawaiian Homes Commission and the Maui County Department of Water Supply and finds that appropriating funds for improvement of the water system in Upper Kula, Maui would greatly serve the domestic and agricultural needs of the area. Presently, drought conditions exist in Upper Kula, hampering Hawaiian Home Lands' programs for residential and agricultural growth. Improvement of the Upper Kula water system would alleviate these drought conditions.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2247 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. 1662 Health on S.B. No. 2332

The purpose of this bill is to enable adopted children to obtain medical and health information regarding their natural parents. The identity of the natural parents would not be divulged without their consent.

Your Committee received supporting testimony from the Director of Human Services and qualified support from the Director of Health and finds that it is the inherent right of all adopted children to have access to medical and health information related to their birth and genetic background. This information is especially critical in determining whether there are significant hereditary factors or pathology, including illness of the natural mother or father, that may affect the child's normal growth and development.

Your Committee wishes to note that it has received recommendations from the Family Court which will be conveyed to the Committee on Judiciary for consideration and possible inclusion into the bill.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2332 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Solomon.

SCRep. 1663 Health on S.B. No. 2157

The purpose of this bill is to provide exemption from discovery of proceedings and records of credentialing committees of medical, dental, and optometric staffs in hospitals.

Currently, proceedings and records of medical, dental and optometric peer review committees of hospitals and local medical, dental, or optometric societies are protected. In some facilities, credentialing committees, which determine which persons seeking hospital privileges are properly qualified to admit patients, utilize surgical facilities, etc., are considered peer review committees and therefore benefit from such protection. However, some are not, and this bill would extend equal protection to all credentialing committees.

Your Committee received supporting testimony from the Director of Health, Healthcare Association of Hawaii, Hawaii Medical Association, and the Hawaii Federation of Physicians and Dentists, and finds that this bill will encourage qualified persons to serve on these important committees by providing some protection from civil action in cases where adverse decisions have been rendered.

Your Committee has amended the bill by identifying credentialing committees as having the responsibility of recommending or advising for or against a request for hospital staff privileges, and deleting the language which specified that they have the power to grant or deny such requests. Your Committee finds that the Hospital Board or governing body alone has the authority to grant or deny privileges.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2157, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2157, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Solomon.

SCRep. 1664 Labor and Employment on S.B. No. 2184

The purpose of this bill is to allow part-time employees working less than twenty hours per week, but whose hours are equal to one-half of a full-time equivalent position, to be served by an exclusive collective bargaining representative.

Currently, a public employee union may represent part-time employees working twenty hours or more per week. As a result, half-time teachers who work seventeen and a half hours per week based on the thirty-five hour minimum work week of full-time teachers are excluded from representation. This bill will afford half-time teachers the same representation as provided for other part-time employees.

Your Committee received supporting testimony from the Hawaii State Teachers Association and finds that this bill will benefit, as was intended by present law, part-time employees who work one-half of the current full-time equivalent.

Your Committee has amended this 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. 2184, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2184, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1665 Labor and Employment on S.B. No. 2389

The purpose of this bill is to give certain retirees a special cost of living bonus for each year of the retirant's service.

Prior to enactment of Chapter 89, Hawaii Revised Statutes, (Collective Bargaining), the practice of the Legislature was to grant to retirees the same pay increases it approved for employees in active service. Since enactment of Chapter 89, retirees have had to approach the Legislature to request adjustments.

This bill would give every retiree with ten or more years of service who retired prior to July 1, 1982, and who on June 30, 1988, was receiving a retirement allowance from the system, a special cost of living bonus of \$1 per month for each year of the retirant's credited service.

Your Committee finds that these retirants should be given a cost of living bonus since other groups of employees have been granted wage increases for the current biennium.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 2389 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. 1666 Labor and Employment on S.B. No. 2183

The purpose of this bill is to allow government employees to retire after twenty-five years of service regardless of age.

Currently, an employee under the contributory plan who has twenty-five years of service is penalized for early retirement at the rate of five percent for each year under fifty-five and four percent for each year under fifty. Under the non-contributory plan, an employee must be at least fifty-five and have thirty years of service to qualify for a normal retirement allowance.

Your Committee received supporting testimony from the Hawaii State Teachers Association and the Hawaii Government Employees Association and finds that this bill will benefit both public employees and public employers. Employees will be able to retire at an earlier age to enjoy the fruits of their labor and employers will be able to realize savings as higher paid senior employees are replaced by new workers.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 2183 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. 1667 Planning and Environment on S.B. No. 2857

The purpose of this bill is to appropriate \$200,000 to the Office of Environmental Quality Control to collect and dispose of hazardous wastes produced by farmers and households in Hawaii.

Your Committee received supporting testimony from the Director of the Office of Environmental Quality Control, the Department of Health, the Environmental Council, and others, and finds that this project will protect the health of Hawaii's citizens by removing from the environment hazardous wastes and by disposing of them legally and safely. Your Committee further finds that the quantities of these wastes are great enough and that the problem of proper and affordable disposal is extensive enough to warrant state financial assistance.

Your Committee has amended the bill by making minor language changes to section 1 on findings.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2857, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2857, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1668 Planning and Environment on S.B. No. 3357

The purpose of this bill is to appropriate \$20,000 to the Hawaii Pest Control Association to improve and expand their education and training program.

The Hawaii Pesticides Law requires operators or applicators of restricted-use pesticides to be certified by the Department of Agriculture. Pest control operators are also required to earn at least 35 hours of training each certification period.

The University of Hawaii's Cooperative Extension Program, which has the responsibility of training pest control operators is unable, due to budgetary reasons, to provide for all of the training needs of the industry. The Hawaii Pest Control Association addresses this problem by providing supplemental training in addition to the Extension Program to fulfill the needs of the industry.

The appropriation would address a critical need of the pest control industry and was endorsed by all who testified.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 3357 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. 1669 Planning and Environment on S.B. No. 2380

The purpose of this bill is to clarify that the Natural Area Reserve (NAR) Fund can also be used to implement Chapter 195, Hawaii Revised Statutes.

Presently, it is not clear whether the NAR fund can be used for purposes other than the Heritage Program. This bill would specify that the fund can be used to implement the purposes of Chapter 195.

Your Committee finds that this bill will implement the necessary steps to help preserve Hawaii's rare and endangered native plants and animals, save it's remaining original rain forests and support the Heritage Program. Your Committee further finds that this is a vital step in the direction of responsible conservation measures for the benefit and enjoyment of future generations of Hawaii's citizens and visitors.

Your Committee has made nonsubstantive clarifying amendments to the bill as received by:

- (1) removing the word "fund" from page 1, line 4;
- (2) removing the last sentence of proposed subsection (b) on page 2, lines 5-9; and
- (3) inserting in subsection (a) on page 1, line 6 after "chapter" the phrase,

"...including the identification, establishment, and management of natural area reserves and the acquisition of private lands for new natural area reserves..."

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2380, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2380, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1670 Planning and Environment on S.B. No. 2376

The purpose of this bill is to appropriate \$85,000 for the development and implementation of an environmental education program to carry out the mandate of Chapter 341, Hawaii Revised Statutes.

This bill would include the following in its program:

- (1) The development of a public awareness campaign and the design, production, and distribution of such materials as:
 - (A) Handbooks on environmental review procedures;
 - (B) Bus posters, bumper stickers, and grocery bags; and
 - (C) Brochures on the duties and functions of the office of environmental quality control;
- (2) The publication of a newsletter, including its design, production, and distribution, and the purchase of computer software and hardware to aid in publication;
- (3) The development of a curriculum, and the design, production, and distribution of such materials as teachers' packets, books, coloring books, games, puzzles, cards, and library posters; and
- (4) The holding of workshops on various environmental review procedures, to be held twice a year on the neighbor islands and in remote parts of Oahu and led by two or three staff members.

Your Committee heard testimony from the Environmental Quality Control Interim Director identifying a need for information on environmental issues that cut across lines separating government agencies, private businesses, environmental groups and the general public. When a community is involved in or threatened by an environmental problem, everyone feels its repercussions. When information on a problem is disseminated, everyone benefits.

Favorable testimony by the Chairperson of the Board of Land and Natural Resources recognized that a strong environmental education program in Hawaii would promote effective management of the natural resources. Much of the general public is unaware of local environmental issues and may not appreciate the full value of the unique and valuable natural heritage of Hawaii.

Your Committee also heard testimony by the Superintendent of Education, the Director of Health, the Education Specialist of the Office of Hawaiian Affairs, Sierra Club, and others in support of this bill.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2376 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. 1671 Planning and Environment on S.B. No. 2726

The purpose of this bill is to provide for the sale and leaseback of a facility to process and dispose of solid waste and generate electric energy financed by the proceeds of general obligation bonds.

Your Committee heard testimony presented by the City and County Department of Finance.

Protection of the environment is a matter of statewide concern, but because costs for proper and environmentally safe processing and disposal of solid waste have increased, the cost to finance construction and operation of a solid waste processing and disposal facility is burdensome.

The lowest interest rate on capital to finance the costs of construction of a solid waste processing and disposal facility is in the best interest of state residents and can be obtained through the issuance of general obligation bonds by the county.

Existing provisions of federal law create tax incentives for private investors to acquire such facilities which has the potential to reduce the cost of the facility. The sale of such a facility by the county will not deprive the county of the availability of the facility and its services and will continue to constitute a public undertaking, improvement or system. Thus financing would continue to constitute a public purpose, for which the county may issue its bonds and expend monies.

The financial impact on a county for the cost of operating, or causing to be operated, such a facility can be moderated by utilizing the facility to generate electric energy for sale and eliminating certain pass through expenses such as taxes and the cost of regulation.

Based on the foregoing, your Committee has amended this bill to make amendments to section 46-19.1, Hawaii Revised Statutes, which will:

- (1) Allow a solid waste processing and disposal facility to be financed by general obligation bonds;
- (2) Provide for the sale and remarketing of the bonds and the conditions under which they may be sold and remarketed;
- (3) Authorize a county to sell a solid waste processing and disposal facility provided certain conditions are met;
- (4) Allow the county to lease or enter into an operating agreement or other agreement with the purchaser, or lessee from the purchaser, of a solid waste processing and disposal facility; and
- (5) Exempt the sale of a solid waste processing and disposal and energy generating facility from all taxation by the State and regulation by the State Public Utilities Commission.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2726, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 2726, S.D. 1, and be referred to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 1672 Human Services on S.B. No. 2011

The purpose of this bill is to expand Nursing Home Without Walls service to non-Medicaid recipients.

Currently, there is a "gap group" of elderly and chronically ill and disabled persons who do not qualify for Medicaid and must pay all costs of personal care attendant services to stay out of institutions. Act 192, Session Laws of Hawaii 1983, established the Nursing Home Without Walls demonstration project to provide extended home services for eligible members of this population. Act 192 was subsequently amended by Act 207, Session Laws of Hawaii 1985, and by Act 134, Session Laws of Hawaii 1987, to expand the target population and increase availability of these valuable services.

This bill will further amend Act 192 by extending the community home care program to gap group persons not eligible for Medicaid by allowing them to share in the cost of services according to a sliding fee scale based on income, assets, and family size.

Your Committee received supporting testimony from the Department of Human Services, the Executive Office on Aging, the Commission on the Handicapped, the Kokua Council for Senior Citizens, the American Association of Retired Persons, the National Association of Social Workers Inc., and the Hawaii Centers for Independent Living, and finds this bill meets the policy recommendations of the State's long-term care plan by benefitting the elderly and chronically ill and disabled.

Your Committee amended the bill as follows:

- (1) By reinstating the criterion that a client to be eligible for services must be certified by the Department of Human Services;
- (2) By clarifying that a recipient who is not eligible for medical assistance shall meet an assets test;
- (3) By clarifying that "clients", as that word is used on page 7, refers to clients who are not eligible for Medicaid assistance;
- (4) By extending the term of service of program personnel indefinitely;
- (5) By inserting an appropriation of \$474,870 to carry out the purpose of the bill; and

(6) By deleting the June 30, 1989 drop dead date for Act 192 as provided by Act 134 in 1987.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2011, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2011, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1673 Human Services on S.B. No. 2092

The purpose of this bill is to amend the laws of the State of Hawaii to establish an elderly home care services special fund to be administered by the Executive Office on Aging.

The funds would be generated through annual appropriations of one and one-half percent of all interest earned by the State Employees' Retirement System during the previous fiscal year.

Your Committee received testimony from the Director of the Executive Office on Aging, the Director of Health, the Director of Human Services, and the Hawaii State Legislative Committee of the American Association of Retired Persons all supporting the bill in concept.

Your Committee finds that this fund is needed if the State is to carry out its mandate to provide for the public health and welfare. However, your Committee's intention is to appropriate only from those funds which are returned by the Employees Retirement' System to the General Fund. Therefore, your Committee has amended this bill by providing that the annual appropriation to the elderly home care services special fund shall be one-half of one percent of all earnings of the Employees' Retirement System realized during the previous fiscal year which are in excess of the investment yield rate established by the Legislature. By so doing, it is the intent of your Committee to avoid any possible disturbance of any retirement benefit payable to any beneficiary.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2092, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2092, S.D.1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1674 Human Services on S.B. No. 2340

The purpose of this bill is to authorize the Department of Accounting and General Services to contract for transportation services to and from state sponsored activities for handicapped persons.

Transportation services for the handicapped is a statewide concern and constitutes a vital link between state health and human service programs and their clients. However, funding for this purpose has been limited, uncoordinated, and from multiple sources which do not favor each county evenly, according to its needs. This bill would provide a mechanism for statewide funding and coordination of transportation for the handicapped.

Your Committee received supporting testimony from the Commission on the Handicapped, the State Planning Council on Developmental Disabilities, the Handicapped Network, and others, and finds that this bill is consistent with the efforts of your Committee, the Legislature, and the State to provide for the public health and welfare. Your Committee wishes to emphasize that without transportation, other state services cannot be utilized by a significant number of our handicapped population. Many attempts made in past sessions to locate funds to provide uniform statewide transportation for the handicapped have failed, and it is now time to take positive action to correct this situation.

It is the intent of your Committee that the actual sums to be appropriated for each county through this measure are to be worked out between the affected groups and presented to the Ways and Means Committee.

Your Committee has amended this bill by changing the word "may" on page 4, line 15, to "shall", thereby changing this bill from an authorization to a mandate to provide transportation services to the handicapped, and by making a technical change which has no substantive effect.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2340, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2340, S.D.1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1675 Human Services on S.B. No. 2615

The purpose of this bill is to amend the laws of the State of Hawaii to clarify standards used in interpreting and construing public assistance and child welfare laws.

Currently, some provisions of Chapter 346, Hawaii Revised Statutes, are interpreted in a narrow and restrictive manner with the unintended consequence of denying or delaying benefits or services to eligible individuals and families. This bill mandates that provisions of the public assistance and child welfare laws be read broadly and liberally.

Your Committee received supporting testimony from the Legal Aid Society of Hawaii and finds that, although fiscal implications cannot be ignored, it is important to provide necessary and unfettered assistance for the general welfare of the people.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2615 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. 1676 Human Services on S.B. No. 2674

The purpose of this bill is to appropriate funds to the Lihue Neighborhood Center, Lihue, Kauai.

Your Committee received supporting testimony from the Chairperson of the Office of the Elderly Affairs Policy Board and the Kauai Senior Legislative Program. The testimony indicated that the increase in membership of the Lihue Senior Center coupled with substantial utilization by the community has created the need for renovations and construction of improvements at the existing Lihue Neighborhood Center.

Your Committee finds that the improvements are essential to accommodate the various daily activities at the Lihue Neighborhood Center ranging from crafts to exercise programs to dining facilities.

Your Committee has amended the bill to insert the amount of \$300,000 as the sum appropriated.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2674, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2674, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1677 Human Services on S.B. No. 3027

The purpose of this bill is to establish a group-living home trust fund.

Currently, Chapter 333E, Hawaii Revised Statutes, does not provide for the establishment and funding of group-living home trust funds to assist the retarded, autistic, and other developmentally disabled. This bill develops a loan fund to provide start-up moneys to purchase equipment, fire and safety devices, insurance and to make structural modifications to existing structures.

Your Committee received supporting testimony from the Department of Health and the Commission on the Handicapped, and finds this bill is a creative mechanism to offset the usually high expenditures necessary to meet building and fire codes and licensure rules before retarded, autistic, and other developmentally disabled persons can move in and agencies can be reimbursed for domiciliary care.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3027 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. 1678 Human Services on S.B. No. 3089

The purpose of this bill is to amend the laws of the State of Hawaii relating to the duties of the Department of Human Services.

Currently, there is a population of children, homeless persons, aliens, and pregnant women who are ineligible for Medicaid even though their incomes fall below the Federal poverty threshold. The Federal government now gives Hawaii the option to cover the elderly and disabled up to 100% of poverty level through the Omnibus Budget Reconciliation Act of 1986. This bill will amend section 346-14, Hawaii Revised Statutes, to maximize the medical care available to low income children, homeless persons, aliens, and pregnant women through federal financial assistance.

Your Committee received supporting testimony from the Hawaii Healthy Mothers/Healthy Babies, the National Association of Social Workers, the Legal Aid Society, and the Department of Human Services, and finds it necessary to make health care more accessible to a larger population of children, homeless persons, aliens and pregnant women.

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

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3089, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3089, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1679 Education on S.B. No. 2951

The purpose of this bill is to appropriate unspecified funds for the repair and maintenance of Pearl City Highlands Intermediate School, Oahu.

The bill will authorize the issuance of general obligation bonds and appropriate the same unspecified sum for repairing and maintaining the school facility.

Your Committee received supporting testimony from the Superintendent of Education and finds this project is in the interest of the public welfare.

Your Committee has amended the bill to change the recipient school to the Pearl City Highlands Elementary School.

Your Committee is in accord with the intent and purpose of S.B. No. 2951, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2951, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1680 Education on S.B. No. 3049

The purpose of this bill is to appropriate funds for plans and construction for schools in the Central Oahu School District.

Your Committee received supporting testimony from the Superintendent of Education and finds these projects are in the interest of the public welfare.

Your Committee has amended the bill by specifying that the funds are appropriated for various capital improvement projects at Aiea Elementary School, Aiea High School, Aiea Intermediate School, Makalapa Elementary School, Pearl Ridge Elementary School, Radford High School, Waimalu Elementary School, and Waialua High School.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 3049, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3049, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1681 Education on S.B. No. 3389

The purpose of this bill is to appropriate funds to hire full-time registrars for state intermediate schools.

Currently, funding is provided only for half-time registrars in intermediate schools. This bill will correct this lack of funding.

Your Committee received supporting testimony from the Hawaii State Teachers Association and finds the additional funding will permit intermediate schools to operate more efficiently and effectively.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 3389 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. 1682 Education on S.B. No. 3120

The purpose of this bill is to provide for planning of school buildings to be used by the community, to provide for the use of proceeds of the sale of school land for improvements at the school, and to appropriate funds for capital improvement projects.

Your Committee heard testimony by the Superintendent of Education, the Chancellor for Community Colleges, and the President of the Hawaii State Teachers Association in support of the intent of this bill.

Upon consideration, your Committee has amended S.B. No. 3120 by appropriating \$500,000 for a gymnasium in the Papaikou area on the island of Hawaii and \$285,000 to relocate the Kalaheo baseyard to Lihue.

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

Your Committee on Education is in accord with the intent and purpose of S.B. No. 3120, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3120, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1683 Education on S.B. No. 3018

The purpose of this bill as received was to establish a classification/compensation appeals board for educational officers, to provide for immediate salary adjustments for upward reclassifications, and to provide additional benefits to educational officers who are given special assignments that increase their responsibilities.

Your Committee heard testimony from the Board of Education concerning: the bill's silence in regard to the appeals board's decision-making process; its potential fiscal impact on the Department of Education; the appointment of appeals board members; and the Department's current practice with respect to providing timely and fair pay adjustments arising from reclassification actions.

Your Committee adopted recommendations of the Board of Education by revising the bill as follows:

- (1) To provide that one appeals board member shall be appointed by the Board of Education rather than the Superintendent of Education and that all decisions of the appeals board shall be by majority vote;
- (2) To include procedures and effective dates for adjustments to the classification/compensation plan by the appeals board that will allow these adjustments to be included in the Department's budget; and
- (3) To delete the language in section 2 of the bill regarding salary adjustments for upward reclassifications.

Your Committee also:

- (1) Added language to section 2 to address the powers, duties, and compensation of the appeals board;
- (2) Added section 4 for the purpose of appropriating funds in the amount of \$5,000 for the classification/compensation appeals board; and
- (3) Amended the effective date of this bill to July 1, 1988, to correspond to the new fiscal year.

Your Committee also made technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

The purpose of this bill as amended is to establish and fund a classification/compensation appeals board for educational officers and to provide additional benefits to educational officers who are given special assignments that increase their responsibilities.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 3018, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3018, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1684 Education on S.B. No. 3054

The purpose of this bill is to broaden the scope of parental involvement in the education of their children.

The importance of parents in influencing the development and achievement of their children needs to be recognized and supported. This bill entitles parents/legal guardians of school children to be absent from work for up to three hours per year to attend parent-teacher conferences without incurring any penalty. This bill also appropriates funds to hire the necessary support personnel to conduct the parenting workshops and appropriates funds for School District incentives encouraging parental participation.

Your Committee received supporting testimony from the Superintendent of Education, the Hawaii PTSA, and the Hawaii State Teachers Association, and finds that this bill is necessary to enable parents/legal guardians to participate with their children's education during work hours without fearing penalization by employers. Further, this bill is necessary to provide the essential support personnel for the program as well as provide incentives to the School Districts to conduct the program.

Your Committee amended the bill by placing the new statutory material on parental leave of absence in Chapter 387 (Wage and Hour Law) rather than in Chapter 577 and by making technical changes which have no substantive effect.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 3054 and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3054, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1685 Education on S.B. Nos. 2466, 3150, 3149, 2467, 2307, 3417, 2682, 3061, 2413, 3411, 2411, 2414, 2969, 2694, 3117, 2962, 2959, 2952, 2369, 3122, 2711, 3330, 2878, 2220, 2281, 3350 and 2897

The purpose of this bill is to give your Committee's approval to the following Capital Improvement Projects:

<u>Bill No.</u>	<u>Title</u>	<u>Amount</u>	<u>Expending Agency</u>
S.B. 2466	AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING AN APPROPRIATION FOR THE CONSTRUCTION OF CLASSROOMS AT WAIAKEA HIGH SCHOOL, EAST HAWAII, COUNTY OF HAWAII	\$4,000,000	(DAGS)

<u>Bill No.</u>	<u>Title</u>	<u>Amount</u>	<u>Expending Agency</u>
S.B. 3150	AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING AN APPROPRIATION FOR PLANNING AND CONSTRUCTION OF CLASSROOMS AT WAIAKEA ELEMENTARY SCHOOL IN EAST HAWAII, COUNTY OF HAWAII	\$1,700,000	(DAGS)
S.B. 3149	AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING AN APPROPRIATION FOR PLANNING AND CONSTRUCTION OF CLASSROOMS AT WAIAKEA INTERMEDIATE SCHOOL IN EAST HAWAII, COUNTY OF HAWAII	\$1,500,000	(DAGS)
S.B. 2467	AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING AN APPROPRIATION FOR PLANS, DESIGN, AND CONSTRUCTION OF A VOCATIONAL EDUCATION FACILITY AT HILO HIGH SCHOOL, HAWAII	\$4,000,000	(DAGS)
S.B. 2307	MAKING AN APPROPRIATION FOR THE INSTALLATION OF FLASHING LIGHTS ON THE REDUCED MILES-PER-HOUR SIGNS AT HONAUNAU SCHOOL AND AT HOOKENA SCHOOL, BIG ISLAND	\$ 15,000	(TRN)
S.B. 3417	AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING AN APPROPRIATION FOR THE CONSTRUCTION OF A CAFETORIUM AT SAMUEL KALAMA INTERMEDIATE SCHOOL, MAUI	\$2,230,000	(DAGS)
S.B. 2682	AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING AN APPROPRIATION FOR DESIGN AND CONSTRUCTION OF AN EXTENSION, INCLUDING AIR CONDITIONING, TO THE LIBRARY AND COMPUTER LABORATORY AT LIHIKAI SCHOOL, MAUI SCHOOL DISTRICT	\$ 132,500	(DAGS)
S.B. 3061	MAKING AN APPROPRIATION FOR DESIGN, PLANS, AND CONSTRUCTION FOR CLASSROOM WALLS IN BUILDING "H" AT KILOHANA ELEMENTARY SCHOOL, KAUNAKAKAI, ON THE ISLAND OF MOLOKAI	\$ 27,000	(DAGS)
S.B. 2413	MAKING AN APPROPRIATION FOR REPAIRS, IMPROVEMENTS AND NEW EQUIPMENT FOR AINA HAINA SCHOOL, OAHU	\$ 184,000	(DAGS)
S.B. 3411	MAKING AN APPROPRIATION FOR VARIOUS PROJECTS AT KALANI HIGH SCHOOL	\$unspecified	(DAGS)
S.B. 2411	MAKING AN APPROPRIATION FOR MAYOR JOHN H. WILSON ELEMENTARY SCHOOL	\$ 80,000	(DAGS)
S.B. 2414	MAKING AN APPROPRIATION FOR PLANS, DESIGN AND INSTALLATION OF CENTRALIZED AIR-CONDITIONING AND OTHER IMPROVEMENTS FOR PALOLO SCHOOL, OAHU	\$ 100,000	(DAGS)
S.B. 2969	MAKING AN APPROPRIATION FOR CAPITAL IMPROVEMENT PROJECTS FOR THE FOURTEENTH SENATORIAL DISTRICT	\$3,030,000	(DAGS)

Bill No.	Title	Amount	Expending Agency
S.B. 2694	AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING AN APPROPRIATION FOR THE CONSTRUCTION OF A LIBRARY BUILDING AT FARRINGTON HIGH SCHOOL	\$3,000,000	(EDN)
S.B. 3117	AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING AN APPROPRIATION FOR SECURITY MEASURES FOR MANANA ELEMENTARY SCHOOL, OAHU	\$unspecified	(DAGS)
S.B. 2962	AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING AN APPROPRIATION FOR MOMILANI ELEMENTARY SCHOOL	\$ 55,000	(EDN)
S.B. 2959	MAKING AN APPROPRIATION FOR HIGHLANDS INTERMEDIATE SCHOOL	\$unspecified	(EDN)
S.B. 2952	AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING AN APPROPRIATION FOR LEHUA ELEMENTARY SCHOOL, OAHU	\$unspecified	(DAGS)
S.B. 2369	AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING AN APPROPRIATION FOR A LIBRARY FOR WAIPAHU INTERMEDIATE SCHOOL	\$ 400,000	(DAGS)
S.B. 3122	AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING AN APPROPRIATION FOR DESIGN OF CLASSROOMS AT KAIMILOA SCHOOL, OAHU	\$ 120,000	(DAGS)
S.B. 2711	MAKING AN APPROPRIATION FOR THE CONSTRUCTION OF AN EDUCATIONAL FACILITY IN WAIANAE FOR THE BOYS AND GIRLS CLUB OF HONOLULU	\$ 60,000	(BUF)
S.B. 3330	AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING AN APPROPRIATION FOR THE DESIGN OF SCIENCE CLASSROOMS AT WAIANAE HIGH SCHOOL, OAHU	\$ 90,000	(DAGS)
S.B. 2878	MAKING AN APPROPRIATION FOR THE RENOVATION OF THE AUTO MECHANIC SHOP AT LANAI HIGH AND ELEMENTARY SCHOOL	\$unspecified	(EDN)
S.B. 2220	AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING AN APPROPRIATION FOR THE CONSTRUCTION OF A BUILDING AT MILILANI-UKA ELEMENTARY SCHOOL	\$2,750,000	(EDN)
S.B. 2281	AUTHORIZING THE ISSUANCE OF GENERAL OBLIGATION BONDS AND MAKING AN APPROPRIATION FOR A PERFORMING ARTS CENTER AT MILILANI HIGH SCHOOL, OAHU	\$7,000,000	(EDN)
S.B. 3350	MAKING AN APPROPRIATION FOR A CLASSROOM BUILDING AT KALAHEO ELEMENTARY SCHOOL, KALAHEO, KAUAI	\$ 600,000	(EDN)
S.B. 2897	MAKING AN APPROPRIATION FOR THE CONSTRUCTION OF THE KAPAA LIBRARY EXTENSION	\$ 97,000	(EDN)

Your Committee received supporting testimony on all of the above bills from the Superintendent of Education, except for S.B. 2897 which received supporting testimony from the the Hawaii Library Advisory Commission and the Kapaa

Lions Club, and S.B. 2711 which received supporting testimony from the Hawaii Boys and Girls Club, and finds the above listed projects are in the public interest.

Your Committee on Education is in accord with the intent and purpose of S.B. Nos. 2466, 3150, 3149, 2467, 2307, 3417, 2682, 3061, 2413, 3411, 2411, 2414, 2969, 2694, 3117, 2962, 2959, 2952, 2369, 3122, 2711, 3330, 2878, 2220, 2281, 3350, and 2897 and recommend that they pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1686 Consumer Protection and Commerce on S.B. No. 2777

The purpose of this bill is to extend the existence of the Compliance Resolution Fund and create a consumer information and education program in the Department of Commerce and Consumer Affairs.

The Compliance Resolution Fund, which was created in 1982 to expedite consumer complaints relating to the regulated industries programs, is scheduled to expire on July 1, 1991. This bill would extend the Fund until July 1, 2001. In addition, this bill will enable the Department to employ a public information officer to coordinate the informational and educational aspects of the Department's mission.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and finds that extension of the Compliance Resolution Fund is necessary to maintain continuity of fee collections, which are made biennially. Postponing such action even one year would cause collection problems as early as the 1989 biennial renewal period. Your Committee further finds that creation of a program to inform and educate the public regarding the Department's activities will increase the ability of the Department to carry out its policies and objectives.

Your Committee has amended the bill to add an amendment to section 514A-95(c) in order to conform a reference to section 26-9(n) with the redesignation of that section to section 26-9(n) made by this bill. The bill has been further amended to make making several 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. 2777, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2777, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator B. Kobayashi.

SCRep. 1687 (Majority) Consumer Protection and Commerce on S.B. No. 2097

The purpose of this bill was to require condominiums and cooperative housing cooperations to employ resident managers through written contracts specifying duties and responsibilities, with provisions for evaluation and arbitration in case of contract disputes.

Currently, the board of directors of a condominium may engage the services of a manager if the bylaws provide for it. Condominiums need not employ a resident manager, and need not specify fiduciary duties and responsibilities by written contract.

Hence, owners or residents of condominiums and cooperative housing corporations may lack the services of a resident manager or have no protection against an unscrupulous resident manager whose actions or motives might conflict with their best interests. The potential for abuse was confirmed by members of the Hawaii Independent Condominium and Cooperative Owners (HICCO) who testified that there is a need to regulate or provide a formal mechanism to define and restrict the activities of resident managers.

Your Committee finds that there is a need to specify the duties and responsibilities of resident managers in written contracts which include provisions for review and evaluation of performance, and finds that there is a need to allow disputes involving the contracts to be submitted to arbitration so that litigation may be avoided. However, to strengthen this bill, your Committee has made the following amendments:

- (1) Provided that the board of directors of the association alone shall hire the resident manager, thus removing the managing agent from the process;
- (2) Added real estate rentals to those activities in which a resident manager may not be actively engaged;
- (3) Clarified that the provisions requiring a performance evaluation shall be in writing in the contract;
- (4) Deleted the material on page 3, lines 13 through 17, which prohibited resident managers from favoring any apartment owner over another or engaging in an action which would constitute a conflict of interest, and substituted new material which explicitly prohibits resident managers from acting as agents for sale or rental unless expressly authorized to do so in the bylaws;
- (5) Incorporated the proposed new sections on arbitration into existing sections in Chapter 514A relating to arbitration and clarified that the arbitration provisions shall apply only to disputes between the parties to the contract of a resident manager;
- (6) Provided that the bill shall not invalidate any existing contracts but shall only apply to contracts executed after the effective date of the Act; and

- (7) Made clarifying language changes and other technical amendments which have no substantive effect.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2097, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2097, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.
Senator Blair did not concur.

SCRep. 1688 Consumer Protection and Commerce on S.B. No. 3034

The purpose of this bill is to statutorily distinguish between individual trustees and corporate trustees and to raise the compensation of corporate trustees for whom such compensation is unspecified, either in the trust instrument or by agreement, from one-tenth of one percent to six-tenths of one percent on the value at the expiration of each year during the continuance of the trust payable annually out of the principal.

Under this bill, a corporate trustee is defined as a trustee who is granted a certificate pursuant to the Hawaii Bank Act or the Trust Companies law authorizing it to do a trust business. The bill establishes separate fees and expenses for corporate trustees, and individual trustees with a corporate co-trustee, and makes special provision relating to charitable trusts with corporate trustees. Statutory fees and expenses would apply to individual trustees who do not have a corporate trustee as a co-trustee.

The bill further allows a trust instrument to provide for a specific rate or amount of compensation for a trustee, and allows a trustee to agree to serve for a specific rate or amount of compensation.

Your Committee received testimony from the Department of Commerce and Consumer Affairs, Corporate Trustees Association of Hawaii, and others, and finds that this bill would affect those trusts which state that trustees will be entitled to statutory fees and trust documents which are silent as to the amount of compensation a trustee is entitled to. Your Committee further finds that in cases where the trust instrument is silent, the courts have characteristically held that a trustee is entitled to statutory fees.

Your Committee has amended the bill by lowering the aforementioned compensation of corporate trustees to three-tenths of one percent on the value at the expiration of each year during the continuance of the trust payable annually out of the principal.

Your Committee has further amended the bill by providing that the provisions of subsection (e) of Section 607- , allowing reasonable compensation of corporate trustees for certain services, as set forth on page 8, lines 6 through 21, shall be subject to court approval.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3034, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3034, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 1689 Consumer Protection and Commerce on S.B. No. 2778

The purpose of this bill was to strengthen and clarify the laws relating to dental insurance.

Your Committee finds that in previous sessions, the Legislature has been faced with a variety of conflicting proposals to regulate this area. In an effort to reach a conclusion to this long-running debate, the Department of Commerce and Consumer Affairs agreed to undertake a review of the subject and recommend draft legislation.

Your Committee received testimony from the Department including two proposed drafts to amend this bill. The first proposed full licensure, while the second proposes that all dental service organizations offering prepaid dental insurance register with the Department, and grants the Director the powers necessary to regulate such organizations. Because of the lack of consumer complaints in this area, your Committee believes that simple registration, rather than full licensure, is sufficient to provide enough regulation to protect the consuming public. Your Committee has therefore amended this bill by deleting the substance and inserting material creating a new chapter in the Hawaii Revised Statutes requiring registration of dental service organizations and granting the Director the power to:

- (1) Enforce the chapter;
- (2) Investigate violations;
- (3) Impose penalties;
- (4) Adopt rules;
- (5) Apply for injunctions to restrain violations;
- (6) Establish registration and renewal fees;
- (7) Establish reserve requirements, if necessary; and

(8) Establish bonding requirements.

Your Committee has further amended the bill by repealing Chapter 423, Hawaii Revised Statutes, and deleting the appropriation.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2778, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2778, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 1690 Consumer Protection and Commerce on S.B. No. 2095

The purpose of this bill was to regulate managing agents of condominiums and cooperative housing corporations by requiring written contracts which specify their duties and responsibilities, and to provide for evaluation and arbitration in case of contract disputes.

Currently, the board of directors may engage the services of a manager if the bylaws provide for it. Since there are no provisions for duties and responsibilities, however, owners and residents of condominiums and cooperative housing corporations have no protection against managing agents whose actions or motives might conflict with their best interests.

Your Committee heard testimony of four members of the Hawaii Independent Condominium and Co-op Organization (HICCO), who testified that there is a potential for conflict of interests when a managing agent acts in the capacity of a real estate salesperson or rental agent. Only in some instances, such as on the neighbor islands, is the dual function a desired service.

Your Committee has amended the bill by:

- (1) Specifying the conditions under which a managing agent may act as a sales or rental agent;
- (2) Incorporating the proposed new material on arbitration into existing sections of Chapter 514A dealing with arbitration, and making language changes to clarify that only the parties involved in the contract with a resident manager may choose to submit a dispute to arbitration;
- (3) Preventing managing agents from collecting interest on moneys received by requiring the moneys to be deposited in the association's or corporation's account within two business days; and
- (4) 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. 2095, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2095, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Matsuura and Tungpalan.

SCRep. 1691 Consumer Protection and Commerce on S.B. No. 2321

The purpose of this bill is to increase the compensation of persons who serve on Medical Claim Conciliation Panels (MCCP).

The medical claim conciliation panel system was established to review evidence and render advisory opinions on the issues of liability and damages in medical tort cases. A MCCP generally consists of two attorneys and one physician, and a typical case takes one to three days to complete, the object being to encourage early settlement of meritorious claims and discourage litigation of non-meritorious claims. Panel members are paid \$100 per claim.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs, the Medical Coalition for Tort Reform, and the Hawaii Federation of Physicians and Dentists and finds that MCCP's are generally successful in forestalling litigation. Your Committee also finds that the current rate of remuneration of panel members provides little incentive for qualified individuals to perform this important public service. Increasing the rate would be a logical and responsible way to strengthen the system and impact favorably on the high costs of medical tort litigation in the State.

Your Committee has amended the bill by providing that the compensation shall be raised from \$100 per claim to \$200 per claim. Your Committee has further amended the bill by adding an appropriation of \$40,000 to the Department of Commerce and Consumer Affairs to fund the increase, and by changing the effective date to July 1, 1988.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2321, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2321, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 1692 Government Operations on S.B. No. 14

The purpose of this bill, as received, was to subject state boards, commissions, councils, and committees ("boards") to the same sunset review that professional and vocational licensing boards now undergo.

Your Committee made the following changes to the bill:

- (1) The office of the ombudsman ("ombudsman"), rather than the office of the legislative auditor, shall be the agency responsible for conducting the reviews of the boards.
- (2) The boards shall not be subject to a sunset-type review, which now entails a periodic review and automatic termination of a board by a certain repeal date unless that date is legislatively extended. Instead, your Committee believes that the boards should be subject to only a one-time review and should not be automatically terminated. Accordingly, your Committee made these changes: (a) deleted references to extending the life of a board, since an extension presupposes another review at the end of the extension period, which would be inconsistent with the requirement of only one review; (b) deleted references throughout the bill to termination dates and replaced them with review dates, the latter which have been extended one year, since the original dates were based on the assumption that this bill would have been enacted in 1987; and (c) deleted the first paragraph of Section 1 of the bill, which refers to the bill's original intent to subject the boards to a sunset review.
- (3) The review of state boards is provided for in a new part II of chapter 96 ("The Ombudsman"), rather than in a new chapter of the Hawaii Revised Statutes. Because the existing chapter 96 is not organized by parts, your Committee also designated the existing sections of the chapter as part I.
- (4) The following boards are deleted from the list of those to be reviewed: (a) jury commissions; (b) legislative economic advisory council; (c) state ethics commission; (d) legislative scientific advisory committee; (e) board of land and natural resources; (f) board of radiologic technologists; and (g) Hawaiian homes commission.
- (5) Section 1 of the bill is amended to provide that: (a) the review of the boards is intended to assure that they operate effectively and efficiently and in a manner consistent with their mandate; and (b) the review of commissioners to interstate commissions is intended to determine if their continued participation in those commissions is necessary and productive.
- (6) In section -2 of the new chapter (as received, now designated section 96-32), paragraphs (2) and (3) are deleted and language added to require that the ombudsman determine: (a) each board's effectiveness and efficiency in accomplishing its duties, and (b) whether it is operating in a manner consistent with the board's mandate.
- (7) The report of the review is amended as follows: (a) the report may include a recommendation that a board be terminated or may recommend the ways in which it may be improved; (b) the report shall include the ombudsman's findings; and (c) if legislation is required to implement the recommendations, the ombudsman shall prepare that legislation.
- (8) In conducting the review of a board, the ombudsman may hold at least one or more public hearings.
- (9) Section -4 of the new chapter as received is deleted as superfluous.
- (10) Changes were made to the names of some boards, to reflect recent name changes, and to the statutory references to those boards, consistent with the renumbering of those references.
- (11) The bill is repealed as of January 1, 1997.
- (12) Your Committee also renumbered the sections of this bill and made other nonsubstantive style amendments.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 14, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 14, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1693 Government Operations on S.B. No. 1184

The purpose of this bill is to amend Chapter 30, Hawaii Revised Statutes (HRS), regarding gubernatorial transitions.

This bill adds a new section to provide for transitional assistance to an outgoing governor for a period of six months after leaving office; amends Section 30-6, HRS, to require that the budget request for each fiscal year in which a governor's regular term of office will expire include an appropriation of \$100,000 for assistance to the former governor during the first six months out of office; and requires the governor to annually request \$50,000 to assist each former governor for life.

Your Committee heard testimony from James Yasuda, of the Office of the Governor, in general support of the concept of transitional assistance for an outgoing governor, as well as for reviewing the amount of transitional assistance for the governor-elect.

Your Committee is not prepared, at this time, to require that a newly elected governor provide assistance to the outgoing governor. Such a requirement may be awkward and lead to conflicts as an outgoing governor and the governor-elect could easily be from different political parties and may even have been opponents in the preceding general election.

Your Committee, therefore deleted Section 1 of the bill. Your Committee also considered providing transitional and sustaining funds for outgoing governors; but, in the absence of testimony on the purpose for such funds, decided to delete all provisions for assistance to outgoing governors.

Your Committee does not feel that the sum of \$50,000, which is presently established by Section 30-6, HRS, for transitional support, will necessarily be sufficient. That the \$50,000 appropriation was sufficient in 1986 was due, in large measure, to the fact that the Governor-elect was the incumbent Lieutenant Governor. The transition could have been significantly more expensive if anyone else had been elected. Your Committee has, therefore, amended Section 30-6, HRS, to provide for a \$200,000 allocation for gubernatorial transitions.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 1184, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1184, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1694 Government Operations on S.B. No. 2202

The purpose of this bill is to appropriate funds for improving fire protection facilities.

Your Committee received testimony from the Board of Water Supply of the City and County of Honolulu stating that a major portion of Hawaii's water systems was built before the current fire protection standards were adopted. The task of upgrading the system to current standards exceeds the financial ability of the Departments of Water Supply of the counties to effectively make these changes over a reasonable period of time.

This bill will assist the Departments of Water Supply of the counties to make these improvements for the general welfare and safety of the citizens of this State.

Your Committee also received favorable testimony from the Departments of Water Supply from the County of Hawaii, Kauai and Maui, and the Fire Department of the City and County of Honolulu.

Your Committee has amended the bill by making nonsubstantive changes for the purpose of clarity and conformance with recommended drafting style.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2202, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2202, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1695 Government Operations on S.B. No. 2252

The purpose of this bill is to protect the public from biting dogs.

This bill is designed to reduce the threat and incidence of dogs biting people, especially children, by requiring confinement and restraint of biting dogs and subjecting the owners of a dog which bites a person to substantial fines. Exceptions are made where the victim provoked the attack or was committing a tort or crime. In addition, this measure provides for the immediate seizure and impounding of biting dogs and for monitoring their behavior and any change of ownership.

Due to the successful efforts of animal control officers in reducing the number of stray dogs, dog bites in the City and County of Honolulu declined from 228 in 1983-1984 to 132 in 1986-1987. To further reduce the incidence of dogs biting people, attention must now be given to biting dogs which are owned but not properly trained and controlled.

There was substantial disagreement, at the hearing on the bill, between groups who share a common love for "man's best friend." Your Committee has, consequently, made substantial amendments to address the expressed concerns and hopes that a consensus will eventually emerge. Specifically, your Committee has:

1. Eliminated section -1 of the new chapter and replaced it with a findings and purpose section that will be published in the Session Laws of Hawaii, but not in the Hawaii Revised Statutes.
2. Eliminated section -3 of the new chapter by incorporating the exceptions into the definition of "biting dog".
3. Amended the definition of "biting dogs" to clarify that inclusion in the category is based upon prior behavior and simplifying the definition using less inclusive criteria.
4. Deleted section -4 of the bill. This deletion is based upon concerns that the proposed seizure and impoundment procedures may not comply with all constitutional requirements. This deletion was made without prejudice and with the understanding that these concerns can be better resolved in the Committee on Judiciary.
5. Deleted section -7 of the bill, because this section should more properly be considered as an amendment to Chapter 711, Hawaii Revised Statutes (HRS). This deletion is without prejudice to amendment by the Committee on Judiciary to add a new section to the bill, amending Chapter 711, HRS.

6. Deleted sections -10 and -11 of the bill, for reasons similar to the deletion of section -4. It is anticipated that the Committee on Judiciary will address the issue of civil procedure, to conform the bill to standard practices.

7. Amended section -12, the schedule of fines, to require training for any dog which bites a person and to delete the specific fines. Your Committee believes that the amount of the fines should be established by the Committee on Judiciary, in an amount consonant with the penalty provisions of analogous offenses. These fines would not be imposed if the victim was engaged in tortious or criminal conduct or was harassing the dog.

Your Committee has made additional amendments for the sake of brevity and clarity.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2252, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2252, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 1696 Government Operations on S.B. No. 2410

The purpose of this bill is to amend Article VIII, Section 2 of the Constitution of the State of Hawaii, to require that all elections to county office be conducted on a nonpartisan basis.

Your Committee received testimony from the Office of the Managing Director of the City and County of Honolulu, stating that a 1986 survey by a group known as the International City Management Association shows that 72.6 percent of the cities in the United States have nonpartisan election systems. For cities the size of Honolulu, the figure is even higher - 84.6 percent.

Your Committee finds that the City and County of Honolulu has already taken a step in this direction. In 1986, Honolulu voters approved a charter amendment making the City Prosecutor's election nonpartisan. The voters of the State should also be allowed to consider whether all municipal elections should be nonpartisan.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2410 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 1697 Government Operations on S.B. No. 3154

The purpose of this bill is to give the State greater flexibility in making loans to its political subdivisions.

This bill amends Section 36-24, Hawaii Revised Statutes, to repeal the loan amount restriction to State and County agencies and allows the terms of the loan to be set by the State and County Directors of finance and approved by the Governor and the County Council. The bill also authorizes the loans to be at negotiated interest rates, and allows either short-term or long-term loans, depending upon the need identified.

Your Committee received favorable testimony from the Directors of Finance from the City and County of Honolulu and the County of Hawaii.

Your Committee finds that this bill will allow the counties to receive the financial assistance necessary to maintain infrastructure and services.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 3154 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. 1698 (Joint) Health and Labor and Employment on S.B. No. 2465

The purpose of this bill is to enable the State Planning Council on Developmental Disabilities to hire and remove an Executive Secretary without regard to civil service classification and compensation provisions, who would in turn be able to appoint civil service exempt staff personnel.

Salaries of such positions would be determined by the Council in consultation with the Director of Personnel Services, and current civil service personnel would retain their civil service status. The Executive Secretary and staff would be eligible for employee plans generally inuring to state employees. The Executive Secretary would be subject to job review and evaluation at least once a year.

Your Committees received supporting testimony from the Director of Health and the Chairperson of the State Planning Council on Developmental Disabilities and find that new federal enabling legislation for the Developmental Disabilities Council stresses the need for this agency to be independent. This bill is a step towards this independence.

As introduced, this bill deleted the provision in Section 333E-5, Hawaii Revised Statutes, that required the affirmative votes of a majority of the members of the council to appoint or remove the Executive Secretary. Your Committees find that this provision is necessary for the proper functioning of the Council and have therefore amended the bill by restoring that provision.

Your Committees on Health and Labor and Employment are in accord with the intent and purpose of S.B. No. 2465, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2465, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees.

SCRep. 1699 (Majority) Labor and Employment on S.B. No. 2298

The purpose of this bill is to appropriate funds to implement the Hawaii workers' compensation state fund pursuant to Chapter 386A, Hawaii Revised Statutes.

The Hawaii workers' compensation state fund was established by Act 296, Session Laws of Hawaii 1985, but has yet to be funded. This bill provides the funding.

Your Committee received supporting testimony from the Hawaii State AFL-CIO, ILWU Local 142, and others and finds the non-profit state fund provides small businesses and other employers an alternative to the limited options now available in Hawaii's insurance market for worker's compensation coverage.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 2298 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. 1700 Corrections on S.B. No. 2979

The purpose of this bill is to appropriate funds to establish nonsecure shelter facilities for youths under the family courts' jurisdiction.

Your Committee finds that existing facilities and services for the detention and processing of youths in the family court system are inadequate. This bill appropriates \$500,000 to provide a separate shelter for status offenders, minor law violators, and victims of abuse and neglect.

Your Committee received supporting testimony from the Department of Corrections, the Hawaii Youth Services Network, and the American Civil Liberties Union and finds this bill is in the public interest.

Your Committee has amended the bill to delete the provision requiring the court to separate children into detention categories. Such a mandate is premature as it is the intent of this measure to provide for facilities to allow such separation.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 2979, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2979, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Hee.

SCRep. 1701 Tourism and Recreation on S.B. No. 2658

The purpose of this bill is to appropriate \$100,000 to the Department of Transportation to study ways in which government processing of foreign visitors may be expedited and visitors be made more comfortable while they are waiting.

Your Committee received supporting testimony from the Visitor Industry Committee of the Chamber of Commerce of Hawaii and the Executive Director of the Hawaii Hotel Association and finds that foreign visitors who arrive by airplane must endure a lengthy wait at the airport for immigration, customs, and public health functions, and that they must wait in a small holding area where there are no facilities for the ill and which is uncomfortable for all. This bill will be instrumental in developing solutions for these problems and improving Hawaii's marketability as a tourist destination for foreign visitors.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2658 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. 1702 Tourism and Recreation on S.B. No. 3337

The purpose of this bill is to appropriate funds to be expended by the County of Kauai for seven additional permanent lifeguard positions.

Your Committee finds that there are an insufficient number of lifeguards available to patrol even the frequently used beaches on Kauai and that additional lifeguards are urgently needed.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 3337 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. 1703 Tourism and Recreation on S.B. No. 2884

The purpose of this bill is to establish a Tourism Training Council to monitor and coordinate government and industry activities and programs designed to develop and improve the quality of the visitor industry workforce and to encourage opportunities for upgrading and career development for present and future visitor industry employees.

The bill includes an appropriation to be expended by the Department of Labor and Industrial Relations.

Your Committee finds that Hawaii's visitor industry must maintain an available supply of quality workers to effectively compete with other sunshine visitor destinations. This bill will provide a stable coordinating body to implement the State's long-range policies and objectives relating to the visitor industry.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2884 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. 1704 Tourism and Recreation on S.B. No. 3391

The purpose of this bill is to appropriate funds to the Office of State Planning to establish an Hawaii Olympics Committee to review the possibility of attracting the 1996 or 2000 Olympic Games to Kona.

Your Committee finds that this undertaking is consistent with statewide goals and objectives relating to the visitor industry, recreation, and economic development.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 3391 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. 1705 Tourism and Recreation on S.B. No. 2642

The purpose of this bill is to appropriate funds to be expended by the Department of Transportation for planning of a canoe racing facility, as provided in the Keehi Lagoon Recreation Plan.

Your Committee finds that this project is consistent with the policies and objectives of the Legislature and the State relating to recreation and the use of Oahu's shoreline resources.

Your Committee has amended this bill by specifying that the appropriation shall be in the amount of \$6,800,000.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2642, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2642, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1706 Tourism and Recreation on S.B. No. 2295

The purpose of this bill is to establish a wildlife revolving fund under the department of land and natural resources for programs and activities relating to wildlife conservation and management.

Presently, moneys for wildlife programs and activities authorized under chapter 183D, Hawaii Revised Statutes, are derived from general fund appropriations, and federal funds under the Pittman-Robertson Federal Aid in Wildlife Restoration Act. It is the intent of your Committee that the establishment of a wildlife revolving fund and the moneys collected for deposit into that fund and expenditures therefrom is to complement and not supplant the appropriation of general funds or other funds for wildlife conservation and management. Your Committee believes that the establishment of the wildlife revolving fund as proposed will enable the department of land and natural resources to implement wildlife programs in a more expedient manner, since the department will not be confined to the use of moneys solely from appropriations or allotments.

Your Committee has received favorable testimony on the bill from several sporting organizations and clubs. Although the chairperson of the board of land and natural resources expressed concerns relating to certain provisions of the bill such as the use of wildlife revolving funds for enforcement of wildlife conservation and management laws which is not a permitted use of federal funds under the Pittman-Robertson Federal Aid in Wildlife Restoration Act, your Committee believes that the Act does not prohibit the use of nonfederal funds for that activity or other types of activities or programs not permitted by federal law so long as federal funds are not used for those activities or programs.

Under the Pittman-Robertson Federal Aid in Wildlife Restoration Act, to be eligible to receive federal funds a state must assent to the provisions of the Act and enact laws for the conservation of wildlife including a prohibition against the diversion of license fees paid by hunters for any other purpose than as provided for in the Act. Your Committee has amended the bill by deleting section 3 for the above purpose.

Your Committee has also amended section 1 of the bill by changing subsection (e) to (f) and by adding a new subsection (e) which allows the department of land and natural resources to use wildlife revolving funds for other purposes

in addition to those provided under subsections (c) and (f), provided that the department use those funds to maximize its efforts to secure federal funds under the Pittman-Robertson Federal Aid in Wildlife Restoration Act. It is the intent of your Committee in making this change that first priority for the use of these funds shall be for eligible projects and programs under the Pittman-Robertson Federal Aid in Wildlife Restoration Act.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2295, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2295, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1707 (Majority) Tourism and Recreation on S.B. No. 2744

The purpose of this bill is to amend Act 5, Session Laws of Hawaii 1987, to provide that no state grant-in-aid funds shall be expended in the relocation or construction of residences for Kahana Valley residents eligible for long term leases under the Act.

Currently, Act 5 provides that no state funds of any kind shall be expended for such purposes.

Your Committee finds that the intent of Act 5 was to assist the Kahana Valley residents with new housing, and that the expenditure of state funds may be required to carry out such intent. To prohibit any form of state expenditure would invalidate the purpose of Act 5. Therefore, your Committee has amended this bill by deleting the proviso in Act 5 which prohibits the expenditure of state funds for relocating or constructing Kahana Valley leaseholders' residences.

Your Committee has further amended the bill by creating a Kahana Valley revolving fund in the Department of Land and Natural Resources to provide low interest loans to Kahana Valley leaseholders, and adding an appropriation of \$1,700,000 for deposit into the fund.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2744, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2744, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.
Senator Ikeda did not concur.

SCRep. 1708 (Majority) Tourism and Recreation on S.B. No. 3023

The purpose of this bill is to reassign funds previously appropriated under Act 216, Session Laws of Hawaii 1987, Section 280, Item H.46, for expenditure by the Department of Land and Natural Resources, to the Hawaii Community Development Authority (HCDA) for development of Kakaako Waterfront Park.

Your Committee received supporting testimony from the Chairman of the Hawaii Community Development Authority and the Chairperson of the Board of Land and Natural Resources and finds that Act 355, Session Laws of Hawaii 1987, gave HCDA authority and responsibility to plan and regulate development activities in the waterfront area from Kewalo Basin to Fort Armstrong. Act 355 also provided that the area within the boundary map in the Kakaako Waterfront Park Study shall be developed only as a park. Therefore, the reassignment of funds for this purpose to HCDA is consistent with the expressed intent of the Legislature regarding the function and responsibility of HCDA and Honolulu waterfront development.

Your Committee on Tourism is in accord with the intent and purpose of S.B. No. 3023 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 McMurdo did not concur.

SCRep. 1709 Tourism and Recreation on S.B. No. 3162

The purpose of this bill is to appropriate \$300,000 to be expended by the Department of Accounting and General Services to plan and design a basefield training facility as part of the central Oahu/Ewa plains development.

Your Committee finds that there are Asian and Pacific professional teams eager to come to Honolulu for their training if facilities are available.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. 3162 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. 1710 Tourism and Recreation on S.B. No. 2458

The purpose of this bill is to distribute fifty per cent of the transient accommodations tax to the counties.

Your Committee has amended the bill substantially, while maintaining its basic purpose. In recognition of the needs of the counties for additional moneys to make infrastructure improvements and provide services to meet the demands of increasing numbers of tourists, the bill, as amended:

- (1) Specifies legislative intent that fifty per cent of the revenues derived from the transient accommodations tax be granted to the counties. Grants-in-aid are to be used for "improvements to infrastructure, tourism-related activities, or both". Your Committee feels that the transient accommodations tax is a proper source of revenues for funding public projects and activities necessary to meet demands generated by the tourist industry. Neither "improvements to infrastructure" nor "tourism-related activities" is defined in the bill, as amended. Your Committee intends that the terms be broadly construed to include projects or activities with some, even minor and ancillary, relation to infrastructure or tourism. When conflict arises between the counties and state administration, your Committee further intends that the counties' interpretation of fundable projects and activities be favored.

Your Committee also intends that the grants-in-aid under the bill, as amended, be additional to the statutory grants-in-aid to the counties under section 248-6, Hawaii Revised Statutes.

- (2) Requires the executive budget and supplemental budget to include proposed appropriations to implement the legislative intent. The bill, as amended, however, explicitly does not require the legislature to enact the proposed appropriations, if choosing otherwise. Your Committee finds that inclusion of the proposed appropriations in the budget submitted by the governor will make the legislature more aware of circumstances and needs of the counties and heighten the state administration's understanding and appreciation of the responsibilities and funding dilemmas of the counties.
- (3) Establishes a formula for distribution of the transient accommodations tax revenues among the counties. The formula has been prepared by the Hawaii State Association of Counties and is based on relative fiscal need of each county. Your Committee had intended to establish a formula allocating funds to each county in proportion to the respective shares of transient accommodations taxes generated within the county. After contemplation, however, your Committee recognizes that the most equitable distribution should be based on fiscal need, rather than merely on revenue generation. Distribution of the funds based on revenues generated would tend to reward the richer counties, while ignoring the more intensive requirements of the less fortunate counties.
- (4) Makes an appropriation of \$31,320,000 in fiscal year 1988-1989 to the counties. The amount represents fifty per cent of the revenues from the transient accommodations tax anticipated in fiscal year 1988-1989.

This bill, as amended, does not earmark, or establish a special fund for revenues derived from, the transient accommodations tax. Revenues from the tax will continue to be deposited into the general fund.

This bill, as amended, establishes a mechanism under which the needs of the counties will be highlighted and proposed appropriations to satisfy demands set forth in one of the more significant policy making documents, the state budget. Inclusion in the budget, however, does not translate into pro forma approval of the appropriations. The legislature maintains its power to appropriate according to perceived priorities and need.

Thus, the bill, as amended, attempts a balance between the antipathy of the state administration to earmarking of funds and the recognition that the counties deserve an equitable share of the transient accommodations tax revenues.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2458, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2458, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1711 (Majority) Tourism and Recreation on S.B. No. 3322

The purpose of this bill is to establish a transient accommodations tax enforcement special fund, require the proceeds to be used for the collection or discovery of delinquent, contested, or unreported amounts of the transient accommodations tax, and earmark five per cent of the revenues derived from the transient accommodations tax to the special fund.

Your Committee has heard testimony alleging that between \$10 and \$20 million in transient accommodation taxes are not being paid. The primary reason for the "leakage" is blamed on the difficulty of collecting the tax from condominiums operating as transient accommodations.

The Director of Taxation has testified in opposition to this bill, citing the state administration's antipathy to earmarking of funds and the adequacy of existing laws and programs to perform enforcement functions. The Director of Taxation also has testified, however, that more appropriations for tax enforcement would be welcome and that the "Legislature is vested with the power to dispose of state funds".

Despite the strong opposition of the Director of Taxation, your Committee acts favorably on this bill, deciding that public policy will be furthered by earmarking of funds in this special circumstance. Your Committee is convinced that avoidance of the transient accommodations tax is a significant problem and that increased enforcement is necessary. This bill will provide a stable funding source, unhindered by intrusion of the Department of Budget and Finance, for the Director of Taxation to intensify the Department's enforcement efforts. Your Committee is confident that the return on the investment for enforcement will justify the special fund.

Your Committee does not intend that the special fund be used for routine tax collection and processing. Your Committee intends that those functions continue to be funded by general funds and that no revenues be diverted from the special fund for activities unauthorized under the bill.

Your Committee is in accord with the intent and purpose of S.B. No. 3322 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. 1712 Human Services on S.B. No. 2164

The purpose of this bill is to create a new Medicaid fee schedule for Medicaid practitioners.

Currently, some Medicaid patients in rural areas have difficulty receiving medical care from specialists due to low Medicaid reimbursements and reimbursement delays. This bill proposes a more equitable Medicaid uniform fee schedule.

Your Committee received supporting testimony from the Department of Human Services and finds the bill achieves a more uniform and equitable fee schedule, including a separate tier for medical care specialists, and will improve the delivery of medical services to Medicaid recipients.

Your Committee amended the bill to include a \$3,000,000 appropriation to fund higher rates of reimbursement to the practitioners who are providing services at low reimbursement levels.

Your Committee is in accord with the intent and purpose of S.B. No. 2164, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2164, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1713 Human Services on S.B. No. 3090

The purpose of this bill is to provide an adequate allowance for public assistance families to meet the necessities of living.

Presently, the welfare allowance standard is lower than the poverty income standard and the differences range from fifty-two to sixty-two percent of the federal poverty income standard.

This bill would require the Department of Human Services to provide an assistance allowance equal to sixty-five percent of the poverty income level in January 1988, with subsequent adjustments required as the poverty level changes and five percent each July until the allowance is equal to the poverty level.

Your Committee received supporting testimony from the Department of Human Services, the Legal Aid Society, and the National Association of Social Workers and finds this bill will increase the amount of assistance to needy individuals and families to permit a decent and safe standard of living.

Your Committee has adopted the suggestions of the Department of Human Services and has amended the bill, as follows:

- 1) Page 1: deleted food from exclusions as an excluded item in the definition of "assistance allowance."
- 2) Page 5 to page 6: revised the proposed language to provide that the standard of need shall consist of a combination of public assistance grant and food stamps; that the assistance allowance shall range between eighty-five and one hundred percent of the poverty level to assure that all recipients will receive an initial increase reaching toward the federal poverty level; and provided two methods of determining the annual percentage increase in assistance, whichever is lower.
- 3) Made technical changes which have no substantive effect and 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. 3090, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3090, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1714 Agriculture, Energy and Ocean Resources on S.B. No. 2021

The purpose of this bill is to propose an amendment to Article XI of the Hawaii Constitution to add a new section relating to Hawaii's sovereign rights in its exclusive economic zone.

Your Committee heard favorable testimony by the Director of the Office of State Planning and the Board of Land and Natural Resources (BLNR) stating that when President Reagan proclaimed ownership, control and sovereign rights over all resources within the 200-mile U.S. Exclusive Economic Zone (EEZ), the President's proclamation stated that a coastal State may assert certain sovereign rights over natural resources and related jurisdiction. For all foreign nations the EEZ extends from the shoreline of the U.S. coastal states out to 200-miles at sea. For U.S. coastal states, the EEZ begins from the outer limits of the territorial sea boundary and thence out to 200-miles at sea.

Amended language was proposed by the BLNR which would have claimed "rights" instead of sovereignty. Concern was expressed as to the full sovereignty to which Hawaii is entitled under International Law and the United States Constitution.

Your Committee upon consideration has amended S.B. No. 2021 to resolve concerns as to the extent of sovereignty claimed under the constitutional amendment.

Your Committee is mindful of the fact that the Reagan Declaration of 1983 will require ratification by Congress, but the Committee concludes that the ratification of the Reagan proclamation is certain to occur, and Congress is mandated by the Constitution and rulings of the Supreme Court, pursuant thereto, to hold territories in trust until such time as it is appropriate for transfer to the sovereignty of a state or states.

Your Committee, therefore concludes that this legislation is timely and appropriate and will be an important step in securing Hawaii's rights in the Hawaiian Exclusive Economic Zone.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2021, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2021, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 1715 Agriculture, Energy and Ocean Resources on S.B. No. 2023

The purpose of this bill is to stimulate the development of hydroelectric pumped storage power plants.

This bill adds a new section to chapter 235, Hawaii Revised Statutes (HRS), to provide a twenty-five percent state tax credit for the cost of purchasing, constructing, and installing a hydroelectric power plant that meets certain stated criteria.

Electricity is the key to energy independence and integrated resource planning for Hawaii because it is only through electricity that all of our citizens can take advantage of energy from bagasse, municipal waste, land fill gas, wind and geothermal energy.

Hydroelectric pumped storage is a well proven, reasonably efficient, and widely used technology for storing electric energy. It provides a means for storing the off-peak energy generated from geothermal power plants and thereby enhance the development of alternate energy.

Your Committee received favorable testimony from Hawaiian Electric Company and the Kauai Electric Company.

Your Committee has amended the bill to more accurately reflect the technical intent by inserting the words "pumped storage" between the words "hydroelectric" and "power" on lines 4 and 11, page 1, and by replacing the words "a total capacity of at least fifteen million gallons of water" with the words "sufficient water to permit the pumped storage power plant generator to generate power at full rated load for at least fourteen hours" on lines 1 and 2, page 2.

Your Committee has further amended the bill by inserting the words "is available to" between the words "plant" and "produces" on line 3, page 2, and by deleting the "s" from the word "produces" on line 3, page 2. A fifth criterion has been added on page 2 to further define "pumped storage."

Lastly, Section 2 of the bill, which adds a new section to chapter 239, HRS, was deleted and language specifically excluding Section 235-110.7, HRS, was inserted to eliminate the potential of duplicative tax credits.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2023, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2023, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1716 Agriculture, Energy and Ocean Resources on S.B. No. 2236

The purpose of this bill is to appropriate funds for the promotion of fresh Hawaiian pineapple in eleven western states plus an additional eleven states west of the Mississippi River, provided the funds are matched dollar-for-dollar by the pineapple industry.

The Chairperson of the Board of Agriculture testified that in 1982, the Department joined the Pineapple Growers Association of Hawaii in financing a comprehensive marketing and promotional program to increase the demand for fresh Hawaiian pineapple in eleven western states. Since then, studies have shown that the promotional programs were highly effective as the industry gained a sizeable share for the pineapple market in the western states. The Chairperson suggested that the industry be further supported to maintain its current market position in the western states and to develop new markets in the other eleven states west of the Mississippi River.

Your Committee also received favorable testimony from the Dean of the College of Tropical Agriculture and Human Resources and representatives from the Pineapple Growers Association of Hawaii. The Dean testified that promotion of fresh pineapple requires new marketing and promotional tactics in order to develop new markets and increase demand.

Your Committee believes that additional funds for promotional and marketing development purposes in mid-America is reasonable and worthy of support.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2236 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. 1717 Agriculture, Energy and Ocean Resources on S.B. No. 2363

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist Energy Conversion Devices, Inc. to manufacture amorphous silicon alloy photovoltaic products or devices in the State of Hawaii.

The use of photovoltaic panels to convert even a small fraction of Hawaii's abundant solar energy resource to electricity can significantly reduce the amount and cost of imported oil. Currently, photovoltaic-generated electricity is cost-effective for remote power applications and consumer products, but not for utility-scale applications. However, rapid advances in photovoltaic technology, especially amorphous silicon, promises to make utility-scale photovoltaic-generated electricity cost-competitive with fossil fuel-generated electricity by the early-to-mid-1990's.

Your Committee has amended the bill by including the phrase "or its subsidiaries," after "Energy Conversion Devices, Inc." to clarify that if this mainland based corporation has a company located in the State of Hawaii, this company will be recognized under this Act.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2363, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2363, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1718 Agriculture, Energy and Ocean Resources on S.B. No. 2478

The purpose of this bill is to require any seller or transferor of land classified urban or rural for purposes of the State land use law to disclose the existence and potential impact of an adjoining farming operation to the buyer.

Your Committee heard favorable testimony from the Department of Agriculture recognizing the merits of such a requirement. In addition, testimony by the Hawaii Farm Bureau Federation suggested that it is necessary to inform the buyer that the farm might produce noise, odors or other activities which may affect the quiet enjoyment of the owner's home. This would help prevent harassment and nuisance suits directed at farmers by homeowners.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2478 recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1719 Agriculture, Energy and Ocean Resources on S.B. No. 2481

The purpose of this bill is to exempt producers of agricultural products for export from taxes imposed by Chapter 237, Hawaii Revised Statutes (HRS).

Your Committee finds that the intent of this bill is to promote growth and diversification in the agricultural producing sector for exports.

Your Committee, upon the recommendation of the Department of Taxation, has amended the bill by deleting the proposed new section of Chapter 237, HRS, and by inserting language which repeals subsection (c) of Section 237-29.5, HRS.

This amendment would achieve the same purpose as the original proposed amendment to Chapter 237, HRS, but in a correct and proper manner.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2481, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2481, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1720 (Majority) Agriculture, Energy and Ocean Resources on S.B. No. 2746

The purpose of this bill is to appropriate \$1,750,000 for the completion of a hyperbaric treatment chamber system and for the construction of a structure to house the hyperbaric treatment chamber system.

Your Committee received favorable testimony from the Department of Business and Economic Development and from the Director of the Hyperbaric Treatment Center. The Hyperbaric Treatment Center provides the only facility in the State for treatment of decompression sickness and for hyperbaric oxygen treatment. This bill will allow completion of this facility and will result in increased revenues that will make this facility self sufficient.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2746 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 Blair did not concur.

SCRep. 1721 Agriculture, Energy and Ocean Resources on S.B. No. 3042

The purpose of this bill is to appropriate funds for a shrimp aquaculture demonstration project at appropriate sites in Hawaii, in conjunction with the United States Department of Agriculture marine shrimp project.

The principle objective of the proposed project is to demonstrate the economic viability of diversifying Hawaii's sugar industry by utilizing some of the substantial equipment, water, land and labor resources devoted to sugar production for commercial aquaculture.

Testimony was received from the Department of Land and Natural Resources and the Oceanic Institute in support of 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. 3042 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. 1722 Agriculture, Energy and Ocean Resources on S.B. No. 3161

The purpose of this bill is to amend Section 36-41, Hawaii Revised Statutes, which deals with the use of third party financing for energy efficiency improvements in State and county facilities.

This bill provides state agencies greater flexibility in arranging for the installation and financing of equipment and devices that will reduce the cost of operation of state facilities and, where appropriate, will permit the facility to utilize alternate energy sources. Further, the term "third-party financing" is changed to "energy performance contracting" as the latter term more accurately and comprehensively describes the options made available to state agencies under this bill. The bill also sets procedures for bidding and entering into such contracts.

Your Committee has amended this bill by deleting the word "cogeneration" on line 7, page 1, line 18, page 2, and line 4, page 6; by inserting the words "energy conservation enhancing" between the words "building" and "retrofit" on line 4, page 6; and by adding an "s" to the word "retrofit" on line 4, page 6. These changes are simply for clarification and to eliminate the possibility of an inefficient oil-burning cogenerator being considered.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 3161, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3161, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1723 Agriculture, Energy and Ocean Resources on S.B. No. 3180

The purpose of this bill is to amend section 235-12, Hawaii Revised Statutes, to provide further incentives for use of renewable energy and conservation devices by increasing the state income tax credit for purchase and installation of such devices from a maximum of fifteen percent to twenty-five percent.

Lower oil prices in recent years have reduced the cost of utility generated power to such a point that the pay-back period for such conservation devices is longer than most investors are willing to accept. The devices covered by this bill are those which are most effective in reducing the State's dependence on oil, and their use must be encouraged to further the goal of energy independence.

Your Committee heard testimony from Hawaiian Electric Company, the Department of Business and Economic Development, the Department of Taxation, and a number of equipment suppliers.

Your Committee has amended this bill by adding photovoltaic devices as covered devices. This is in recognition of the technical progress which has been made in the development of photovoltaic devices and the promise that they hold for Hawaii.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 3180, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3180, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1724 Culture, Arts and Historic Preservation on S.B. No. 2684

The purpose of this bill is to appropriate \$250,000 as a grant-in-aid for the continued refurbishment for the Hawaii Theatre.

The Hawaii Theatre will be used to promote culture and the arts in Hawaii and serve as a gathering place for local artists of various disciplines to further their artistic endeavors.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 2684 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. 1725 Culture, Arts and Historic Preservation on S.B. No. 2640

The purpose of this bill is to provide for the celebration of the ninetieth anniversary of the Okinawan people in Hawaii.

Since their arrival in Hawaii, the rich culture and proud heritage of the Okinawan people have been and continue to be positive influences upon life in Hawaii. Recognition of their contributions and achievements is important to promoting and maintaining cognizance of Hawaii's diverse and multicultural society.

Your Committee heard favorable testimony by the president and past president of the United Okinawan Association of Hawaii (UOA) and a group associated with UOA.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 2640 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. 1726 Culture, Arts and Historic Preservation on S.B. No. 3013

The purpose of this bill is to appropriate \$400,000 for a grant-in-aid to the Honolulu Symphony to continue the operations of the symphony on a break even basis.

Your Committee heard testimony by the Executive Director of the Honolulu Symphony and the State Foundation on Culture and the Arts and finds that the Symphony is a vital cultural resource which performs a broad selection of music and concerts to meet a wide variety of community needs. This grant-in-aid will ensure the continuation of this major cultural resource.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 3013 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. 1727 Culture, Arts and Historic Preservation on S.B. No. 3113

The purpose of this bill is to appropriate \$50,000 for a grant-in-aid to the Hawaii Chamber Orchestra Society to provide musical activities to the people of the State by utilizing local and resident talent.

Presently the Hawaii Chamber Orchestra is the only musical organization of its kind in the State of Hawaii and the only one to function throughout the year. Until recently, the Hawaii Chamber Orchestra has been directed and managed by a volunteer staff. This appropriation would enable the Orchestra to expand their services throughout the community.

Your Committee heard testimony by the State Foundation on Culture and the Arts and the Hawaii Chamber Orchestra Society 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. 3113 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. 1728 Culture, Arts and Historic Preservation on S.B. No. 3359

The purpose of this bill is to appropriate funds to be expended by the Department of Land and Natural Resources for campus improvements and safety at the Bishop Museum.

Your Committee heard supporting testimony by the President and Director of the Bishop Museum and finds that state support of this kind is needed for repairs and other projects which otherwise could not be carried out.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 3359 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. 1729 Culture, Arts and Historic Preservation on S.B. No. 2367

The purpose of this bill is to appropriate \$17,500 for the Honolulu Theatre for Youth for plays, including statewide tours of its plays, for young adults and high school audiences.

The Honolulu Theatre for Youth testified that these funds would be used for the production of contemporary plays, new works and theatre classics that invite students to look at things in a different way, and in the process, perhaps understand the world a little better.

This work is very important because the Honolulu Theatre for Youth is the only theatre in Hawaii that makes these types of plays directly available to young adult and high school audiences statewide. However, the costs to provide these plays to students in remote communities on the neighbor islands can be expensive. The proposed appropriation would enable the Honolulu Theatre for Youth to expand the showing of plays to audiences in areas where there are limited opportunities to experience theatre.

Your Committee also received favorable testimony from the Department of Education and the State Foundation on Culture and the Arts.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 2367 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. 1730 Culture, Arts and Historic Preservation on S.B. No. 1682

The purpose of this bill is to authorize the issuance of general obligation bonds to purchase the Bishop Museum's land holdings in Waipio Valley.

Funding is also provided for the implementation of initial investigations, test excavations and restoration of significant archeological sites, such as Kuahailo, Pakaalana, and Honuaula heiaus on the neighbor island of Hawaii.

Your Committee finds that the land owned by the Bishop Museum in the lower valley of Waipio is of historical and cultural significance to the people of Hawaii.

Your Committee further finds that this bill will assist the Bishop Museum in the support of its programs and operating costs through conversion of this non-income producing property to increased earning capital.

Your Committee upon consideration has amended the bill as follows:

- (1) By requiring the Bishop Museum to determine the extent of its holdings, to enable an appraiser to proceed with an appraisal report; and
- (2) By appropriating funds for:
 - (A) A interim archaeological investigation;
 - (B) Three positions in the department of land and natural resources; and
 - (C) Operating expenses.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 1682, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1682, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1731 (Joint) Culture, Arts and Historic Preservation and Consumer Protection and Commerce on S.B. No. 281

The purpose of this bill is to authorize the creation of artists' cooperatives.

Currently, there is no provision in Hawaii law which authorizes the creation of artists' cooperatives. This bill creates a statutory framework for the organization and operation of artists' cooperatives. Your Committees believe that utilization of artists' cooperatives will serve to encourage artistic endeavors.

Section 28 of the bill as received provided that artists cooperatives would be exempt from the provisions of the Uniform Securities Act (Modified). Your Committees adopted the recommendation of the Department of Commerce and Consumer Affairs by deleting the section.

Your Committees have further amended this bill as follows:

- (1) Substituted "incorporation" for "association" in the definition of articles and contents of articles;
- (2) Added a section setting forth the purpose or purposes for which the artist's cooperatives may be created;
- (3) Deleted the 50 year limitation on duration of the association;
- (4) Replaced "signed and acknowledged" with "certified and executed" in section -8;
- (5) Made specific references to chapters 415, when articles provide for the issuance of stock, and 415B, when no stock is issued;
- (6) Deleted sections -9, -10(a)(15), -18(e), -21(c) as already provided for in section -10 on bylaws;
- (7) Changed from one year to 30 days, the period in which the purchase of stock must be settled and the period, after expulsion, a member must be paid out; and

- (8) Made technical nonsubstantive changes for purposes of clarity.

Your Committees on Culture, Arts and Historic Preservation and Consumer Protection and Commerce are in accord with the intent and purpose of S.B. No. 281, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 281, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senators Yamasaki, Fernandes Salling, Matsuura, Nakasato, Ikeda and A. Kobayashi.

SCRep. 1732 Planning and Environment on S.B. No. 2203

The purpose of this bill is to provide funds for plans, engineering, and removal of excessive vegetation from Kawai Nui Marsh to improve the flow of water and maintain a suitable environment for wildlife.

Testimony by the Department of Land and Natural Resources indicated that the removal of excessive vegetation is consistent with the Resource Management Plan for Kawai Nui Marsh and long term plans to establish a wildlife sanctuary at the site.

Your Committee is aware that the State must acquire a right of entry from the City and County before removal can begin. However, your Committee believes that the Department of Land and Natural Resources should take the lead in this action by making plans for removal as soon as possible.

Your Committee has amended this bill by deleting flood control as one of the purposes of removing excessive vegetation, by making clarifying language changes which have no substantive effect, and by changing the effective date to July 1, 1988.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2203, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2203, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1733 Planning and Environment on S.B. No. 2677

The purpose of this bill is to appropriate \$1,280,000 from the general revenues of the State for various sewer projects on Kauai.

Your Committee finds that maintaining proper sewer standards is essential to the well-being of the community.

Your Committee has amended the bill by changing the source of funding from general revenues to the transient accommodations tax.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2677, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2677, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1734 Planning and Environment on S.B. No. 2710

The purpose of this bill is to appropriate \$45,000 for the preparation of an environmental impact statement and sand inventory study of conditions at Waikiki Beach and Ala Moana Beach pursuant to implementing a sand recovery demonstration project.

The importance of sand beaches to the State of Hawaii is obvious. Equally important is the need to protect, and where environmentally feasible, to restore those beaches where the sand is depleted. Just as natural conditions of wind and water or improper farming or construction practices produce soil loss and erosion on land, so can natural conditions or man made structures in the shoreline area lead to erosion and sand loss at the beach. In addressing erosion problems in the coastal areas one must take environmental issues into consideration in determining how losses can be minimized and eroded soils or beaches replenished. Environmentally responsible enhancement of public beaches would be addressed by the studies proposed by this bill.

Your Committee has amended the bill by changing the amount appropriated from \$45,000 to \$100,000, directing the University of Hawaii's Institute of Geophysics instead of the Department of Land and Natural Resources to conduct the study, and changing the reporting date to the legislature from 1989 to 1990.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2710, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2710, S.D. 1, and be referred to Ways and Means.

Signed by all members of the Committee.

SCRep. 1735 Planning and Environment on S.B. No. 2381

The purpose of this bill is to establish a revolving fund to provide assistance to counties or state agencies for the construction of publicly owned wastewater treatment works.

Your Committee heard testimony by the Director of Health indicating that Congress has long expected states and municipalities to eventually assume full responsibility for financing new and replacement wastewater facilities. The recently enacted Water Quality Act of 1987 sets forth a schedule and mechanism for completing the transition to full State and local responsibility.

The Environmental Protection Agency's (EPA) direct grant program ends in 1990, while the authority for EPA to make grants to the states to capitalize state water pollution control revolving fund (SRF) begins in 1989. Congress has authorized funds for SRF capitalization grants from fiscal year 1989 through fiscal year 1994 amounting to about \$63 million to the State of Hawaii. However, after 1994, the states and municipalities will be responsible for providing financing necessary to meet the enforceable requirements of the Act.

In order to receive the \$63 million of federal capitalization grants, the State must establish, by statute, a water pollution control revolving fund in accordance with the provisions and requirements of the Water Quality Act of 1987. Establishment of the SRF would provide financial assistance to the counties constructing needed future wastewater facilities, insure compliance with statutory deadlines and protect our water resources and public health.

Your Committee has amended this bill to include additional background information to emphasize the importance of this bill and to insure eligibility for federal funds by adding a new SECTION 3 which provides as follows:

- (1) The thirteen temporary positions in the Wastewater Treatment Works Construction Grants Branch be converted to federally funded permanent positions; and
- (2) State funds appropriated under Act 216, Session Laws of Hawaii 1987, Item D-1 be utilized as matching funds in an amount equal to twenty percent of federal capitalization grants.

Further, your Committee renumbered the remaining sections of the bill to account for the insertion of new SECTION 3 and made clarifying language changes which have no substantive effect.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2381, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2381, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1736 Labor and Employment on S.B. No. 3031

The purpose of this bill is to provide for an adjustment to the employee post-retirement benefit system based on the Honolulu consumer price index.

Currently, the post-retirement amount is equivalent to two and one-half percent of the monthly pension, annuity, or retirement allowance as originally computed. This bill increases the post-retirement allowances by computing it with the Honolulu consumer price index and also sets the maximum allowance at four percent of the monthly pension.

Your Committee received supporting testimony from the Secretary of the Employees' Retirement System and from the Hawaii State Teachers Association and finds that the bill helps older retirees who are on fixed incomes by adjusting to the cost of living.

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. 3031, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3031, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1737 Labor and Employment on S.B. No. 2259

The purpose of this bill is to amend the laws of the State of Hawaii relating to immunity from third party liability under the workers' compensation law.

Currently, construction design professionals are not immune from third party liability under the workers' compensation law. This bill provides immunity for construction design professionals and their employees from third party liability for injury on a construction project unless the design professional's contract specifically covers safety practices. To date, eight states have amended their workers' compensation laws to specifically immunize design professionals from claims resulting from construction site accidents.

Your Committee notes that the bill specifically excludes any negligent work by the design professional such that an aggrieved person may still sue for damages caused by a design professional's negligent preparation of plans or specifications.

Your Committee received supporting testimony from the Structural Engineers Association, the Construction Industry Legislative Organization, the Independent Insurance Agents Association, the Consulting Engineers Council, and numerous

members of the design professional community, and finds that this bill provides reasonable protection for design professionals against unwarranted legal actions.

Your Committee has amended the bill by making nonsubstantive changes for the purpose of conformance with recommended drafting style.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 2259, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2259, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 1738 Labor and Employment on S.B. No. 2270

The purpose of this bill is to amend the laws of the State of Hawaii to enable employee organizations to obtain access to information from personal records.

Specifically, the bill would amend section 92E-13 by providing that sections 89-13(a)(5) and (8) are deemed to be statutes which authorize employee organizations, as defined in chapter 89, to gain access to personal records or information in such records.

Your Committee received supporting testimony from the Hawaii Government Employees Association and finds that this bill will enable employee organizations to conduct more complete and objective investigations of alleged violations of collective bargaining agreements and better evaluate the merits of each case brought to them for consideration.

Your Committee has amended this bill by making numerous technical changes necessary to conform it to recommended drafting style. Your Committee has also generally rewritten the new statutory material on page 2 to correct statutory references and to clarify that the bill refers only to access by employee organizations, as defined in section 89-2.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 2270, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2270, S.D. 1, and be referred to the Committee on Government Operations.

Signed by all members of the Committee.

SCRep. 1739 Labor and Employment on S.B. No. 2451

The purpose of this bill is to clarify that government jurisdictions have the right of recovery from negligent third parties.

Currently, problems arise where government employees are injured by the negligent actions of third parties and the government seeks to obtain reimbursement from insurers of the negligent third parties. This bill will enable the State and Counties to recover from a liable third party all payments and medical expenses made, paid, or due under the provisions of section 79-15, Hawaii Revised Statutes, to an employee who suffers a personal injury arising out of and in the performance of the employee's duty. Further, it will allow the State and Counties to place a lien against any recovery obtained by the injured employee against the liable third party.

Your Committee received supporting testimony from the Director of Personnel Services, the Department of Civil Service of the City and County of Honolulu, and the Department of the Corporation Counsel of the County of Maui, and finds the bill is in the public interest.

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. 2451, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2451, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 1740 Higher Education on S.B. No. 3249

The purpose of this bill is to authorize the issuance of general obligation bonds and appropriate \$1,866,000 for the construction of a higher education instructional facility in West Hawaii, county of Hawaii. The University of Hawaii is designated as the expending agency.

Your Committee finds that one of the major needs of higher education in the State is the delivery of educational services to areas beyond reasonable commuting distances from campus sites. The geographic area with the greatest need in the State for increased higher education opportunities is West Hawaii.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 3249, S.D. 1, and recommends that it be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1741 Higher Education on S.B. No. 3395

The purpose of this bill is to appropriate funds for the establishment of a youth sports and fitness institute in the University of Hawaii, College of Education.

This bill appropriates \$100,000 for the establishment and operation of a Youth Sports and Fitness Institute in the University of Hawaii, College of Education to include providing workshops and seminars; producing educational/informational materials; employing a full-time secretary; employing graduate assistants; travel; and testing equipment and supplies. The University of Hawaii is designated as the expending agency.

Your Committee received testimony from the University of Hawaii supporting the intent of the bill, however, there were reservations. The University recommended that the bill be amended to clarify that the funds appropriated would be used for a pilot program and that the amount appropriated be increased to \$150,000. Your Committee, upon consideration, concurs with the University's recommendations and has amended the bill accordingly.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 3395, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3395, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1742 Higher Education on S.B. No. 2216

The purpose of this bill is to appropriate funds for the creation of a new entomologist position.

This bill appropriates \$50,000 for the establishment of this position, to work with the United States Department of Agriculture (USDA) to develop benchmark data necessary to establish fruit fly free zones. The University of Hawaii Department of Tropical Agriculture and Human Resources is designated as the expending agency.

The State has a commitment to a joint project with the USDA to eradicate from Hawaii the species of fruit flies which constrain the State's agriculture from achieving its potential. The USDA is currently contributing \$500,000 to the project along with a research scientist and four technicians. The position proposed in this bill would be the state's contribution to the project.

Your Committee has amended the bill by including a findings and purpose section to clarify the duties and responsibilities of the entomologist position, by correcting the name of the expending agency, and by changing the effective date of the bill from upon approval to July 1, 1988.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 2216, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2216, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1743 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3098

The purpose of this bill is to appropriate funds for land-banking purposes.

This bill appropriates \$100,000 for the acquisition of lands in agriculturally zoned areas by the State for land-banking. The Department of Business and Economic Development is designated as the expending agency.

Your Committee finds that there is in immediate need to preserve agricultural lands. The concept of land-banking, i.e., the setting aside of certain lands of agricultural, recreational, conservation or preservation value, would provide a means to insure the preservation of agricultural lands.

Currently, several measures relating to the establishment of a land-bank authority, which would have the preservation of lands of value as its sole purpose and responsibility, and which would have the authority to intervene and acquire lands is being reviewed by the Legislature. Adoption of such a measure may be forthcoming. However, due to continuous development throughout the State, immediate acquisition of certain lands by the State for land-banking purposes is warranted.

Your Committee has amended the bill by:

- (1) Including a findings and purpose section;
- (2) Increasing the amount appropriated from \$100,000 to \$10,000,000 to initiate the purchase of lands in agriculturally zoned areas by the State for land-banking, provided that upon acquisition, the State may lease these lands for agricultural purposes only; and
- (3) Changing the expending agency from the Department of Business and Economic Development to 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 S.B. No. 3098, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3098, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1744 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3413

The purpose of this bill is to authorize the Department of Land and Natural Resources (DLNR) to negotiate long-term leases to qualifying permittees, who depend on farming state land for a livelihood.

This bill is consistent with objectives of the Hawaii State Plan for continued growth and development of diversified agriculture throughout the State, and widespread development of farm ownership is one of several stipulated uses for proceeds from the public land trust.

Your Committee heard testimony by various revocable permittees in support of this bill, regarding the agricultural state lands they have occupied, farmed and invested their own money in for long periods of time. But because their tenure is on a month-to-month basis, they do not have security in the assurance of continued tenure on the land and are not able to obtain financing for improving their farm because financing is not available without long-term tenure. As a result, farmers are constrained, by their uncertain tenure, from developing the land and using it more productively.

In addition, if the public lands were offered for sale at a public auction, most permittees testified that they would not be able to compete with auction prices, and not only would they lose their parcels, but whatever improvements they had made would go uncompensated.

Your Committee notes that the bill prohibits agricultural parcels in excess of a certain unspecified acreage from being converted to long term leases. It is the intent of your Committee that the Committee on Ways and Means, after further consideration of this measure, determine what size parcels should be excluded from being converted to long term leases under this bill.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3413 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. 1745 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2313

The purpose of this bill is to authorize the Director of Finance to issue general obligation bonds to plan and construct affordable housing for the elderly.

Hawaii is faced with a rapidly growing elderly population facing a dwindling market supply of housing. Since the elderly tend to have fixed incomes, the problem is more acute and is an urgent concern of the State.

This bill provides the means to address the problem of housing for the elderly so that adequate housing will be provided before a critical shortage arises.

Your Committee has amended the bill by inserting an amount of \$20,000,000 as the amount to be appropriated, and by providing that the amount of bonds issued shall not exceed the State's debt ceiling.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2313, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2313, S.D. 1, and be referred to the Committee on Ways and means.

Signed by all members of the Committee.

SCRep. 1746 (Majority) Housing, Hawaiian Programs and Natural Resources on S.B. No. 3099

The purpose of this bill is appropriate \$100,000 for a survey and appraisal of Waipio Valley on the Island of Hawaii.

Your Committee finds that the bill is in accord with the State policy of acquiring viable land for future State development.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3099 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 Ikeda did not concur.

SCRep. 1747 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3421

The purpose of this bill is to appropriate \$6,200,000 to be expended by the Department of Land and Natural Resources for water development on the Big Island, including but not limited to development of new sources and the extension of existing water systems.

The bill would provide funding for water development in the following areas: Puna; South Hilo; Hamakua; North Kohala; South Kohala; North Kona; and South Kona.

Your Committee received supporting testimony from the Department of Water Supply, County of Hawaii, the Department of Hawaiian Home Lands, and the Chairman of the Board of Land and Natural Resources, and finds that

these funds will substantially improve the water situation and help the overall economic growth of the Big Island of Hawaii.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3421 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. 1748 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3101

The purpose of this bill is to authorize the issuance of general obligation bonds in the sum of \$300,000 for the paving of Hawaiian Homestead roads in Waimea, Hawaii.

Your Committee heard testimony presented by the Hawaiian Homes Commission identifying this project as a priority for implementation.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3101 recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1749 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3104

The purpose of this bill is to appropriate \$100,000 to be expended by the Department of Land and Natural Resources for the planning, study, and appraisal of the Kohala ditch watershed land.

Your Committee received supporting testimony from the Chairperson of the Board of Land and Natural Resources and finds that the State intends to acquire that part of the watershed not presently under State ownership to ensure the continued availability of water for public use in the area. The appraisal funded by this measure will enable the department to implement the acquisition.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3104 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. 1750 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2983

The purpose of this bill is to appropriate \$10,000 to be expended by the Department of Land and Natural Resources to supplement the soil and water conservation program.

Your Committee received supporting testimony from the Chairperson of the Board of Land and Natural Resources and finds that this bill would provide for the necessary level of administrative support for the Soil and Water Conservation District program.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2983 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. 1751 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3100

The purpose of this bill is to appropriate \$900,000 to be expended by the Department of Land and Natural Resources for the design and construction of Phase I improvements to Pu'u Pulehu reservoir.

Your Committee received supporting testimony from the Chairperson of the Board of Land and Natural Resources and finds that the Phase I project consists of lining an existing reservoir and is necessary to prevent water loss through seepage. Funds were provided in 1986, but current cost estimates are much higher due to the need for substantial excavation of unsuitable material encountered during the subsurface investigation, and due to the need for suitable material to form an adequate base for the liner.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3100 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. 1752 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3080

The purpose of this bill is to establish a state tax credit for developers of low-income housing.

The Tax Reform Act of 1986 amended the Internal Revenue Code (IRC) to establish a tax credit for developers of low-income housing units. This bill would create a state income tax credit for the developers in an amount equal to one-third the credit provided for in the IRC.

Your Committee received supporting testimony from the Department of Business and Economic Development and the Land Use Research Foundation of Hawaii, and finds that economic incentives are the most effective way to increase private sector production of low-income housing.

Your Committee further finds that this bill is consistent with the policy of the Legislature to provide affordable housing for the residents of Hawaii.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3080 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. 1753 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2982

The purpose of this bill is to appropriate \$200,000 to be expended by the Department of Land and Natural Resources to conduct soil and water conservation projects at Kahakuloa Road, Maui County.

Your Committee received supporting testimony from the Chairperson of the Board of Land and Natural Resources and finds that this money will stabilize erosion in the Bell Stone drainage area above Kahekili Highway near Kahakuloa in West Maui to the benefit of residents and visitors who frequent the Bell Stone area.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2982 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. 1754 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2973

The purpose of this bill is to appropriate funds to assist the City and County of Honolulu in financing drainage and utility repairs of Manoa's eastern hillside. This area has experienced an ongoing problem caused by soil movement and movement of surface and sub-surface water which was aggravated by the recent heavy rainfall.

This appropriation will be used to augment the funds appropriated by the City and County of Honolulu to correct this devastating problem.

Your Committee has amended the bill by inserting \$2,000,000 as the amount of the appropriation.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2973, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2973, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1755 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2968

The purpose of this bill is to appropriate funds to construct a storm drainage system in Manoa valley.

The area commonly referred to as the "Manoa slide area" or the east side of Manoa valley has experienced an ongoing problem of soil movement and the movement of surface and sub-surface water. This problem was aggravated by the recent heavy rainfall and it is expected that the situation will worsen before it gets any better.

The storm drainage system would be an integral part of the work being conducted by the State and the City and County of Honolulu to alleviate this problem.

Your Committee has amended the bill by inserting an amount of \$2,000,000 as the amount to be appropriated.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2968, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2968, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1756 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2510

The purpose of this bill is to amend Act 218, Session Laws of Hawaii 1987.

This bill amends the Office of Hawaiian Affairs' (OHA) operating budget by making changes to the appropriation amounts. This will enable OHA to undertake major new initiatives in culture, economic development, education, human resources, planning and development, and public information, establishing a clearer direction for the agency, its programs, and the Hawaiian people.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2510 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. 1757 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2508

The purpose of this bill is to appropriate funds to the Office of Hawaiian Affairs (OHA) for fiscal year 1988-1989.

Your Committee finds that there is a need for the OHA to organize and operate a business corporation to generate more income and revenues for its programs to improve the well being of Hawaiians. Therefore, your Committee has amended this bill to appropriate funds to the OHA to develop a business corporation under the Hawaii Business Corporation Act and establish restrictions regarding the election of its Board of Directors and the use of revenues, dividends, and other income.

Your Committees on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2508, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2508, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1758 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2471

The purpose of this bill is to appropriate funds for a water supply facility from Hilo to Pohakuloa training area in Pohakuloa, Hawaii.

Your Committee received supporting testimony by the Department of Land and Natural Resources and finds that funds are needed for the preliminary engineering design, site selection, and environmental impact statement to be completed.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2471 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. 1759 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2430

The purpose of this bill is to establish a state low-income housing credit equivalent to the Federal low-income housing tax credit created by the Tax Reform Act of 1986.

Your Committee received supporting testimony by the Department of Taxation and the Department of Business and Economic Development and finds that economic incentives are necessary to increase private sector production of low-income housing.

Your Committee finds further that this bill is consistent with the policies of the Legislature to provide affordable housing for the residents of this state.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2430 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. 1760 (Majority) Judiciary on S.B. No. 112

The purpose of this bill is to disallow state tax deductions for political campaign contributions.

Your Committee agrees with Richard F. Kahle, Jr., Director of Taxation, that repeal of subsection 235-7(g) which presently allows deductions for political contributions, is consistent with the repeal on the federal level of the partial credit for political contributions by the Tax Reform Act of 1986. Your Committee finds that there is no reason to support the continuation of the allowance of these deductions which are utilized by those with special interests.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 112 and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.
Senators Cobb and McMurdo did not concur.

SCRep. 1761 Judiciary on S.B. No. 2171

The purpose of this bill is to increase the salary of district court judges from \$59,500 per year to \$64,500 per year upon reappointment of any district court judge effective July 1, 1988.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2171, 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. 1762 Judiciary on S.B. No. 2212

The purpose of this bill is to make an appropriation to study the feasibility of handling medical malpractice cases in a manner similar to the handling of workers' compensation cases in Hawaii.

Your Committee has held a public hearing on this bill and has received no negative testimony on this bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. 2212 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. 1763 Judiciary on S.B. No. 2563

The purpose of this bill is to increase the penalty of promoting pornography for minors from a misdemeanor to a class C felony.

Your Committee finds that it is important to keep pornography out of the hands of children, and increasing the penalty to the felony level should give pornography dealers an incentive to inquire as to the age of their customers and to refuse to sell to those who are minors.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2563 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1764 Judiciary on S.B. No. 2570

The purpose of this bill is to establish a petty misdemeanor offense for those individuals who manufacture, buy, sell, barter, exchange or possess any implement commonly known as a gaff, slasher or any other instrument designed to be attached in place of or to the natural spur of a gamecock or other fighting fowl.

Your Committee on Judiciary finds that the Counties of Honolulu and Maui already have identical or similar offenses and passage of this bill will codify existing county laws.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2570 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1765 (Majority) Judiciary on S.B. No. 2718

The purpose of this bill is to change the age qualification for voting to include all those who shall have not attained the age of eighteen on or before the day of the election, but who will attain that age on or before December 31 of the year in which the election is held.

Your Committee on Judiciary finds that those individuals who have not attained the age of eighteen on or before the day of the election, but who will attain the age of eighteen on or before December 31 of the year in which the election is held, should be qualified and afforded the right to vote under the State Constitution.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2718 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator George did not concur.

SCRep. 1766 Judiciary on S.B. No. 2759

The purpose of this bill is to transfer the functions and staff of the State Law Enforcement Planning Agency (SLEPA) to the Department of the Attorney General and to dissolve SLEPA.

Your Committee held a public hearing on this bill and received testimony from the Department of the Attorney General in support of this bill.

SLEPA currently administers federal funds received from the Justice Assistance Act, Victims of Crime Act, Drug Law Enforcement Act and the Western States Information Network as well as state funds appropriated to the Attorney General for the Career Criminal, Victim Assistance and the Witness Security and Protection programs. It also staffs the Juvenile Justice Interagency Board and the Governor's Committee on Crime, both of which are concerned with the coordination of system agencies.

Your Committee finds that this bill will enable the Attorney General, as chief law enforcement officer for the State, to carry out his responsibilities for, and to coordinate resources relating to, criminal justice concerns.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2759 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. 1767 Judiciary on S.B. No. 2764

The purpose of this bill is to provide for the management by the State of the computerized fingerprint identification system and to extend the period for expending and encumbering the sum appropriated for fiscal year 1987-1988 until the end of fiscal year 1988-1989.

Your Committee held a public hearing on this bill and received testimony from the Department of the Attorney General and the Honolulu Police Department in support of this bill.

Your Committee finds that there was some confusion as to the current statutory language regarding the management of the computerized fingerprint identification system. Accordingly, your Committee adopted the recommendation of the Attorney General to place the management of this system with the State.

Your Committee also finds that funds which were appropriated for fiscal year 1987-1988 and remained unexpended should be made available for fiscal year 1988-1989.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2764 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. 1768 Judiciary on S.B. No. 2770

The purpose of this bill is to deposit into the State treasury general fund interest realized on moneys collected by the Child Support Enforcement Agency for child support payments.

Child Support Enforcement currently has over a 3 million dollar balance in the agency checking account. In a one month period, approximately \$123,220.90 in interest has been earned.

Your committee adopted the testimony from the Attorney General, Warren Price III, on arguments for the deposit of interest realized into the general fund.

Your committee on Judiciary is in accord with the intent and purpose of S.B. No. 2770, and recommends that it pass Second Reading and that it be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1769 Judiciary on S.B. No. 2775

The purpose of this bill is to appropriate out of the general revenues of the State of Hawaii the sum of \$449,493.79, or so much thereof as may be necessary for fiscal year 1988-1989, to the Department of the Attorney General to pay the balance of the legal fees and expenses of the law firm of Nash, Railsback and Plesser, in the sum of \$363,450.27, for work it did on behalf of the State in connection with the case of United States v. Exxon Corp. plus interest at the rate of nine percent on the balance of \$363,450.27 for the period from August 7, 1986, until payment.

Your Committee finds that the law firm of Nash, Railsback and Plesser, has recovered for the State of Hawaii in the case of United States v. Exxon Corp., the sum of \$14.5 million in settlement so far and expects more in the future.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2775 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. 1770 (Majority) Judiciary on S.B. No. 3052

The purpose of this bill is to provide for a study by the State of Hawaii of a proposal for a Teletrack facility in Hawaii.

Your Committee finds that a study by the State of Hawaii of a proposal for a Teletrack facility in Hawaii is worthy for consideration and may prove to be of great economic benefit to the State in providing more jobs for local residents and government revenues.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 3052, and recommends that it pass Second Reading in the form attached 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. 1771 Judiciary on S.B. No. 2913

The purpose of this bill is to require the trustees of a charitable trust to waive any commission entitled to them by statute, contract, or any other provision of law, otherwise due to them for sale of the leased fee interest in any property sold under Chapter 516 (Land Reform Act); and (2) to require that the master's report issued for any charitable trust to disclose the amount of commissions received by each trustee during the period covered by the report.

Your Committee finds that public disclosure of such trustee's commissions is in the interest of the beneficiaries of charitable trusts.

Your Committee finds that waiver of any commissions from the sale of realty under the Land Reform Act is warranted and justified and that the money received should inure to the benefit of the entitled beneficiaries.

Your Committee has amended the bill to require the master to disclose in the annual report the amount of commissions received by each trustee during the period covered by the report.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2913, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2913 S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1772 Judiciary on S.B. No. 2532

The purpose of this bill is to establish a "Bill of Rights" for victims and witnesses in criminal proceedings.

Your Committee held a public hearing on this bill and received testimony from Victim/Witness Kokua Services of the City and County of Honolulu Prosecuting Attorney's Office and from the Judiciary.

Your Committee has amended this bill by deleting the section which creates a special indemnity fund for victims. As provided in the bill, this fund would be difficult to enforce and would also be costly to implement.

The Judiciary raised the concern that some courts have limited space and cannot provide a separate secure waiting area during court proceeding for victims and witnesses. Your Committee finds that the language in the bill is sufficiently flexible so that the courts need to provide such an area only when it is possible to do so.

Your Committee has also amended the bill by deleting the provision creating within each county a victim-witness assistance unit. This provision duplicates the program created in section 28-111 of the Hawaii Revised Statutes.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2532, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2532, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1773 Judiciary on S.B. No. 2437

The purpose of this bill is to transfer the Office of the Sheriff from the Judiciary to the Attorney General's office with minimal impairment of duties and services.

Your Committee held a hearing on this bill and received favorable testimony from the Judiciary as well as testimony against passage of this bill from the Department of the Attorney General.

Your Committee notes that the Citizens' Panel on Judicial Administration recommended that the Office of the Sheriff be removed from the Judiciary and placed under the Executive Branch. The Panel found that the management of the operations of the Sheriff's office was deficient and was exacerbated by the lack of control over those operations. Accordingly, your Committee finds that the Sheriff's office should be subject to the supervision and control of the Attorney General.

It is the intent of this Act that all rights, power, functions and duties of the Judiciary relating to the Office of the Sheriff be transferred to the Department of the Attorney General and that no employee of the Sheriff's office shall lose any benefit or privilege as a consequence of this transfer.

Your Committee upon further consideration has amended the bill to clarify the civil service status and compensation for the sheriff and deputy sheriffs, to add a section defining the duties of civil process deputy sheriffs, to amend and clarify that the sheriffs and deputy sheriffs, but excluding all civil process deputy sheriffs, shall perform such other functions in furtherance of the functions of the Judiciary as the Attorney General may direct, and to exclude the sheriff, first deputy sheriff and second deputy sheriff from receiving compensation for service of process and execution of court orders.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2437, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2437, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1774 Judiciary on S.B. No. 2279

The purpose of this bill is (1) 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; and (2) to raise the age from less than 14 to less than 16 years old in subsection 712-1202(1)(b).

Your Committee received favorable testimony to make both parties chargeable under the present prostitution law. 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.

Your Committee has amended the bill to reflect that Section 712-1200, Prostitution, "(5) This section shall not apply to members of police departments, sheriffs, and law enforcement officers, in the course and scope of their duties."

Further, your Committee agrees with the testimony of the Honolulu Police Department to raise the age in Section 712-1202, Promoting Prostitution in the First Degree from less than fourteen to less than sixteen years. This would act as a stronger deterrent to those who victimize minors and would be a positive step towards providing 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. 2279, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2279, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Cobb.

SCRep. 1775 Education on S.B. No. 2972

The purpose of this bill is to appropriate funds for a water safety and learn-to-swim program to be provided to all public school students in the fourth grade.

A recent study of 6,000 youngsters, ages 7 to 14, found that 70 percent were unable to swim 50 yards. This bill will make basic swimming and water safety instruction available to all fourth grade students.

Your Committee received supporting testimony from the Superintendent of Education and from the Emergency Medical Services for Children and finds this program necessary to prevent injury and reduce morbidity and mortality in children.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2972 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. 1776 Education on S.B. No. 2429

The purpose of this bill is to appropriate funds for two teaching positions for the alternative education program of the Waianae Rap Center.

For many years the alternative education program of the Waianae Rap Center has served as an important alternative for alienated high school students. This bill funds two full-time teachers to maintain program services.

Your Committee received supporting testimony from the Superintendent of Education and finds that it is important to continue the invaluable counseling and vocational training provided by the Waianae Rap Center.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2429 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. 1777 Education on S.B. No. 2691

The purpose of this bill is to appropriate funds for a program of paid professional development leaves for school level educational officers.

This bill appropriates \$10,000 for this program, to be established by the Department of Education (DOE) in consultation with the Hawaii Association of Secondary School Administrators.

Your Committee received testimony from the DOE in support of this bill.

Your Committee has amended the bill by clarifying that the funds appropriated are to be used for grants to secondary school level educational officers to attend professional development conferences and seminars. Further, the DOE is to coordinate the grants with the Hawaii Association of Secondary School Administrators which will select the professional development conferences and seminars, and provide the DOE with the names of the secondary school level educational officers who are to attend the conferences.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2691, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2691, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1778 Education on S.B. No. 2612

The purpose of this bill is to appropriate funds to the Hawaiian Future Homemakers of America.

Currently, funds are needed to enable students and their advisors to attend Future Homemakers of America (FHA) conferences and meetings. This bill funds this needed participation.

Your Committee received supporting testimony from the Superintendent of Education and numerous members of and advisors to FHA and finds participation in FHA a worthwhile educational endeavor.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2612 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. 1779 Education on S.B. No. 2404

The purpose of this bill is to appropriate funds for a youth congress for disadvantaged high school students. The City and County of Honolulu is designated as the expending agency.

The youth congress provides students with a variety of backgrounds the opportunity to learn and work with each other.

Your Committee received testimony from the Department of Education, the Office of Human Resources of the City and County of Honolulu, WORKHAWAII, and youth congress participants in support of this bill.

Your Committee finds that this bill will afford students the opportunity to participate in a program which will allow them to express their concerns, and to plan for productive futures as responsible adults.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2404 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. 1780 Education on S.B. No. 2072

The purpose of this bill is to provide funds for salary adjustments and other cost items for employees excluded from bargaining unit 5 for the 1987-89 fiscal biennium.

Currently, salary increases and other cost adjustments for employees excluded from bargaining unit 5 are authorized by Chapter 89C, Hawaii Revised Statutes, for the fiscal biennium 1987-89. This bill provides the necessary authorizations and appropriations for the implementation of pay raises effective retroactively to September 1, 1987.

Your Committee received supporting testimony from the Superintendent of Education and from the Chief Negotiator of the Office of Collective Bargaining and finds the bill is in the public interest.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2072 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. 1781 Labor and Employment on S.B. No. 3030

The purpose of this bill is to merge the pension accumulation fund and the post-retirement fund.

Currently, the pension accumulation fund and the post-retirement fund are separate. A merger of these funds will allow the Employees' Retirement System to eliminate the dual accounting system presently being used and thereby improve efficiency. Further, a merger of these funds will correct the inequity that presently exists in that interest from earnings derived from use of employees' contributions to the post retirement fund is not credited to the employees.

Your Committee received supporting testimony from the Hawaii Government Employees Association and the Secretary of the Employees' Retirement System.

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. 3030, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3030, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1782 Labor and Employment on S.B. No. 3069

The purpose of this bill is to require the Legislative Reference Bureau (LRB) to conduct a review of the compensation plans for the secretarial classes within the civil service of the State of Hawaii.

This bill further requires the LRB to consult with representatives of various secretarial associations when conducting the study; submit a report of the findings and recommendations to the Legislature prior to the 1989 legislative session. After review of the report, the Legislature will submit the report to the Public Employees Compensation Appeals Board for any needed adjustments.

Your Committee received testimony from the Public Employees Management Association of Hawaii stating that the difference in compensation among secretaries has created an inequitable situation dating back to 1974. This is contrary to legislative policy and this bill will provide the means for adequate and equal compensation.

Your Committee also received testimony from the Hawaii Government Employees Association, the Department of Education, and the Department of Personnel Services in general support of the bill.

Your Committee has amended the bill to include an appropriation of \$50,000 to conduct the study, to be expended by the Legislative Reference Bureau, and changing the effective date from upon approval to July 1, 1988.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 3069, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3069, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1783 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2200

The purpose of this bill is to appropriate \$5,000,000 to increase the rental assistance revolving fund to provide more housing for low income persons.

The Rental Assistance Program was established in 1981 for the purpose of providing subsidies for qualified families in rental housing projects in the form of rental assistance payments. Under the program, the principal sum of the Revolving Fund must be invested in a manner that preserves the return on these moneys.

To date, the Legislature has appropriated a total of \$6,500,000 for the Program. These appropriated funds, however, have been committed to subsidize rents for approximately 366 units in four rental projects. Earnings and other moneys added to the fund, approximately \$2,000,000, are earmarked for rental projects to be commenced later this year. This appropriation, combined with these earnings, will enable the program to subsidize rents for approximately 450 units in three additional rental projects.

Your Committee adopted the recommendation of the Housing Finance and Development Corporation by changing the amount appropriated from \$5,000,000 to \$10,000,000.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2200, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2200, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1784 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2173

The purpose of this bill is to settle unresolved issues regarding the Office of Hawaiian Affairs and public land trusts.

Your Committee has been informed that the Office of Hawaiian Affairs is currently meeting with the Governor regarding ceded land issues. It is the intent of your Committee that this bill be utilized as a means for the legislature to act upon any issues that are resolved during those meetings. In furtherance of that intent, the bill has been amended to delete the substance thereof and inserting a statement of the general purpose of the measure. If agreement is reached as to resolution of the issues relating to ceded lands, the Committee on Ways and Means will be able to use this bill as a vehicle for appropriate legislative action.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2173, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2173, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1785 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2428

The purpose of this bill is to appropriate \$100,000 to be expended by the Department of Business and Economic Development to support the Oahu Self-Help Housing Corporation.

Hawaii has experienced a housing crisis for the past several years, and renters of private units contend with increasing rental rates on a continual basis. The Oahu Self-Help Housing Corporation, however, has demonstrated that the team approach is a successful method of producing home ownership units for low to moderate income families.

Your Committee received supporting testimony from the President of the Board of Directors of the Oahu Self-Help Housing Corporation, the Executive Director of the Housing Finance and Development Corporation in the Department of Business and Economic Development, and many other citizens and groups, and considers this bill to be in the public interest and consistent with legislative efforts to support affordable housing programs.

Your Committee has amended the bill by changing the expending agency to the Housing Finance and Development Corporation.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2428, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2428, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1786 Health on S.B. No. 3285

The purpose of this bill is to establish a statewide trauma system in the Department of Health to coordinate care of trauma victims, including triage, transportation, and communication with hospitals, and to establish a mechanism by which all of these activities can be monitored and information generated to better care for Hawaii's injured citizens.

Trauma is a leading public health problem in the country and a leading cause of mortality among young people. This bill will enhance the ability of the State to address trauma situations by enabling the Director of Health to implement a statewide trauma system. The bill also appropriates \$200,000 to the Department of Health to implement the program, including the hiring of necessary staff.

Your Committee heard testimony from several hospitals and others in the medical professions and finds that the subject of trauma is properly brought before the Legislature. However, your Committee believes that these concerns may be adequately addressed through amendment of existing statutes relating to emergency medical services. Therefore, your Committee has deleted the substance of this bill and inserted an amendment to Section 321-224, Hawaii Revised Statutes, requiring the Department of Health to complement and enhance the State's capacity to serve trauma cases including, but not limited to, an integrated trauma information data base, a quality assurance mechanism and, as needed, appropriate ground and air transportation services.

Your Committee believes that this amendment will improve the ability of the State to respond appropriately to trauma situations and result in significant saving of human life.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3285, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3285, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1787 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2625

The purpose of this bill is to provide for the transfer of maintenance responsibilities for state-owned cemeteries to the Office of Hawaiian Affairs.

Your Committee received supporting testimony from The Cemetery Research Project and finds that certain burial sites are of great cultural and historic value, and should be maintained. Transferring maintenance responsibilities to the Office of Hawaiian Affairs would facilitate the policies of the Legislature to preserve valuable sites.

Your Committee has amended the bill by adding a new subparagraph (3) which will allow the comptroller to:

"Enter into agreements with the office of Hawaiian affairs for the transfer of maintenance responsibilities for state-owned cemeteries; provided that the office shall submit a cemetery trust plan describing long-range fiscal and managerial arrangements for the proper maintenance of such cemetery properties..."

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2625, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2625, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1788 Transportation on S.B. No. 2845

The purpose of this bill is to add a new chapter on alcohol and boating safety.

This bill provides for the enforcement against operating a vessel while under the influence of alcohol or drugs similar to that in effect for motor vehicles.

Operating a vessel under the influence of intoxicating liquor or drugs is dangerous for the health, welfare, and safety of the people who participate in boating activities.

Your Committee, after hearing testimony on this bill, concurs with the intent of this bill, however finds that adding a new section to Chapter 267, Hawaii Revised Statutes (HRS), similar to Section 263-11, HRS, relating to reckless

operation of aircraft, a misdemeanor, seems to be a more appropriate way to address the enforcement of boating safety. Your Committee has therefore amended the bill accordingly.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2845, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2845, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 1789 Transportation on S.B. No. 3342

The purpose of this bill is to appropriate funds to establish neighbor island public transit systems.

The bill, as received, appropriated \$2,000,000 to subsidize the start up costs of mass transit systems for the islands of Hawaii, Maui, Molokai and Kauai, provided that the sums expended would be fixed annually for the first four years after the start of the transit system and thereafter decrease annually to zero after the eighth year.

Your Committee finds that the neighbor islands are in need of public mass transit systems that effectively service the needs of their growing communities.

Your Committee has adopted the recommendation of the Department of Transportation by (1) amending the bill to fund a feasibility study of mass transit systems on each island rather than the actual establishment of mass transit systems; and (2) by reducing the appropriation from \$2,000,000 to \$200,000.

The purpose of the amendment is to develop plans for adequate public mass transit facilities that meet specific community goals on the neighbor islands.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 3342, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3342, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1790 Transportation on S.B. No. 2896

The purpose of this bill is to appropriate \$1,400,000 for a 700 foot second commercial pier on Kauai.

Your Committee finds that the Nawiliwili Harbor needs a second commercial pier to accommodate the increase in Kauai's expanding shipping industry.

Your Committee adopted the recommendation of the Department of Transportation by revising the purpose of the appropriation to read:

"...planning, design and construction, including dredging, for commercial pier facilities and other improvements..."

The purpose of the amendment is to provide flexibility in the use of the funds to better fulfill the intent of this bill.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2896, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2896, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1791 Transportation on S.B. No. 2385

The purpose of this bill is to appropriate \$2,500,000 to complete improvements to Kalihi and Nihi streets in Honolulu.

Your Committee finds the appropriation in the interest of the State of Hawaii as it promotes road and traffic safety.

Your Committee amended the bill by appropriating \$250,000 toward plans and design for road improvements rather than \$2,500,000 for the actual construction. The purpose of this amendment is to allow further study of problem road conditions on Kalihi and Nihi streets in order to better serve the traffic safety needs of the community.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2385, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2385, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1792 Labor and Employment on S.B. No. 2818

The purposes of this bill are to reduce collections to the Unemployment Insurance Trust Fund, permit contributions to a new state-controlled reserve account intended to supplement the UI Trust Fund, and to create an Employment and Worker Training Fund.

Act 240, Session Laws of Hawaii 1987, provided variable taxable wage bases depending on the condition of the UI Trust Fund for calendar year 1988 only. The intent of the Act being to stimulate the economy when the trust fund balance exceeded the adequate reserve level. Lower employer taxes were justified based upon the phenomenal growth of the trust fund due to low insured unemployment rates, a decrease in UI payout, increase in tax collections and high federal interest income to the trust fund.

Presently, the growth of the UI Trust Fund exceeds the statutorily defined adequate reserve level and therefore, this bill minimizes the flow of employer taxes to the UI fund, assesses employer contributions to a new State Employment Security Fund to supplement the trust fund, and uses interest earned on investing the money in the State fund for training efforts.

Your Committee received supporting testimony from the Department of Labor and Industrial Relations and finds the continuation of the variable taxable wage base is necessary to continue the solvency of the UI Trust Fund and that the creation of a State Employment Security Fund, and the Employment and Training Fund would allow the State to retain capital in the islands rather than having the excess money being federally controlled.

Your Committee has amended the bill by delineating the use of the moneys in the Employment and Training Fund, and by making technical changes which have no substantive effect and nonsubstantive changes for the purpose of clarity and conformance with recommended drafting style.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 2818, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2818, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator B. Kobayashi.

SCRep. 1793 Human Services on S.B. No. 2955

The purpose of this bill is to amend the laws of the State of Hawaii relating to residential care homes.

Currently, there are insufficient funds for residential care homes for the frail elderly, a significant deterrent to open up such homes. This bill amends section 321-15.6, Hawaii Revised Statutes, to provide for level of care payments and cost of living increases for operators of adult residential homes.

Your Committee received supporting testimony from the Department of Health, the Kokua Council for Senior Citizens, the Commission on the Handicapped, the Alliance of Residential Care Administrators, and the Department of Human Services, and finds that increased funding of adult residential care homes benefits the frail elderly themselves and their families.

Your Committee has amended the bill to place the administration and funding under the authority of the Department of Human Services under section 346-64, Hawaii Revised Statutes.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2955, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2955, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1794 Business Development and Pacific Relations on S.B. No. 3116

The purpose of this bill is to appropriate funds for a national cooking contest utilizing Hawaiian products.

Your Committee finds that this bill supports the intent of the Legislature to promote the growth of the State's various industries, including agriculture and produce. This cooking contest will provide valuable publicity across the nation and make consumers aware of the State's resources.

Your Committee has amended this bill by making an appropriation in the amount of \$10,000 and specifying that the funds shall also be used for the production of a cookbook and a food promotion event.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 3116, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3116, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1795 Planning and Environment on S.B. No. 3204

The purpose of this bill is to Establish an Environmental Emergency Response Revolving Fund (EERRF) within the Department of Health (DOH) to provide the department with funds and the authority to immediately respond to environmental emergencies and accidents.

Your Committee has amended this bill to establish EERRF within the Department of Defense (DOD) instead of DOH, making DOD the expending department. For that reason, the definition of "director" has been amended to conform with the proper executive titles within DOD.

By adding a new chapter to the Hawaii Revised Statutes, to create an Environmental Emergency Response Revolving Fund, this bill would provide the DOD with the resources and authority to:

- (1) Perform emergency removal actions of hazardous substances;
- (2) Require responsible parties to perform necessary removal or remedial actions;
- (3) Recover costs incurred by the department in the course of performing any necessary actions; and
- (4) Develop a contingency plan for the clean up of hazardous sites in the State.

Your Committee has adopted recommendations made by UNITEK, a subcontractor providing Emergency Response Cleanup Services in the Pacific Region, on behalf of the U.S. Environmental Protection Agency, to make clarifying language changes, which have no substantive effect.

Upon consideration of favorable testimony presented by DOH, your Committee has further amended this bill to include an additional appropriation of \$105,000 to provide two full-time staff positions to provide the staff support for the planning, engineering, clerical and field investigation support necessary for proper program implementation.

Your Committee also heard testimony presented by Oahu Civil Defense Board of Water Supply, Honolulu Fire Department, and Unitek.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 3204, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3204, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 1796 Planning and Environment on S.B. No. 2906

The purpose of this bill is to appropriate funds for the development of an emergency response plan for identification, laboratory testing, removal, and disposal of suspected hazardous or toxic substances.

Title III of the Superfund Amendments and Reauthorization Act of 1986 (SARA) requires each county to develop a hazardous materials response plan by October 17, 1988. Although this effort is progressing for the State Emergency Response Planning Program, it is apparent that the county governments do not have sufficient resources to comply with all aspects of SARA in a timely fashion.

Your Committee finds that the counties lack the monetary resources as well as have limited access to planning expertise, resources, and data management capability.

Your Committee has amended the bill by adding that funds shall be used for the purchase of a computer hardware system capable of accommodating public domain software produced by the National Oceanographic Atmospheric Administration entitled, Computer Aided Management of Emergency Operations (CAMEO), which will assist in the identification and location of hazardous or toxic substances.

Your Committee has also amended the bill by changing the effective date to July 1, 1988.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2906, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2906, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Solomon.

SCRep. 1797 (Majority) Consumer Protection and Commerce on S.B. No. 3136

The purpose of this bill is to delete the preferential tax for domestic insurers.

Currently, domestic property and casualty insurers are taxed at the rate of 2.9647 percent on gross premiums received from risks or property resident in the State, while other insurers pay at the rate of 4.2824 percent. Domestic life insurers are taxed at the rate of 1.918 percent while others pay 3.197 percent.

Your Committee received testimony from the Insurance Division, Department of Commerce and Consumer Affairs, to the effect that this measure will equalize premium taxes paid by foreign and domestic insurers at the rate currently applied to foreign insurers, and that such equalization will not result in loss of tax revenues inuring to the State.

While your Committee agrees that premium taxes should be equalized, it takes note of the fact that this bill, as introduced, would represent a 44 percent increase for domestic property and casualty insurers and a 66 percent increase for domestic life insurers. In order to more equitably assess premium taxes between foreign and domestic companies, your Committee has averaged the two rates and applied the result across the board. Thus, domestic and foreign property and casualty insurers would now pay 3.6236 percent and domestic and foreign life insurers would pay 2.556 percent.

Your Committee has also amended this bill by making it applicable to taxable years beginning after December 31, 1988, and by changing the reference to Section 431-318, Hawaii Revised Statutes, to Section 431:7-202 to reflect the recodification of the insurance laws made pursuant to Act 347, Session Laws of Hawaii 1987. Your Committee has also

technically amended the bill by deleting all of Section 431:7-202 except subsections (a) and (b), the material being amended.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3136, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3136, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Blair, B. Kobayashi, Matsuura, Ikeda and A. Kobayashi. Senator Chang did not concur.

SCRep. 1798 Consumer Protection and Commerce on S.B. No. 2780

The purpose of this bill is to change and clarify the administrative relationship between the Department of Commerce and Consumer Affairs (DCCA) and the Office of Consumer Protection (OCP), and to resolve areas of conflict or confusion in the field of consumer protection in Hawaii.

The Bill also provides that OCP can recover attorneys' fees and completes the transfer of educational functions from OCP to DCCA.

During the past year, DCCA has reviewed in-depth their mission and activities and the mission and activities of the Attorney General's Office relating to consumer protection. This bill completes the process of moving OCP entirely into DCCA.

Your Committee received supporting testimony from DCCA and finds that OCP originally began as part of the Governor's Office but was transferred to DCCA many years ago. However, the Director of OCP continues to be a gubernatorial appointment. Your Committee further finds that the consumer protection functions of DCCA, especially the Regulated Industries Complaints Office and the new Securities Enforcement Unit, have grown substantially. In this context, OCP's status is inappropriate.

This bill resolves and consolidates all consumer protection functions by authorizing the Director of DCCA to appoint the Executive Director of OCP who clearly reports to the Director. This structure provides clear lines of accountability and ensures that full coordination within DCCA can be effected.

Your Committee has amended this bill by clearly and unequivocally stating that it shall in no way interfere or curtail the process of consumer protection 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 S.B. No. 2780, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2780, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Blair, B. Kobayashi, Matsuura, Ikeda and A. Kobayashi.

SCRep. 1799 Health on S.B. No. 2514

The purpose of this bill is to grant flexibility to the County/State Hospitals Division in hiring personnel and disbursing funds.

This would be accomplished by adding a new section to Chapter 27, Part III, Hawaii Revised Statutes, exempting the Division from the provisions of Sections 36-27 and 36-30 relating to special fund reimbursements to the state general fund and advertising for bids and purchases involving expenditures of public moneys, and from Chapters 76 (civil service classification), Chapter 77 (civil service compensation), and Section 78-1 relating to public employment.

Your Committee received supporting testimony from the Director of Health and finds that the increased flexibility provided by this measure will enable the County/State Hospitals Division to better carry out its duties and responsibilities.

After further consideration, your Committee has determined that this bill may be insufficient to achieve its purposes. Therefore, your Committee has made the following amendments:

- (1) Deleted the exemptions from Chapters 76 and 77 and Section 78-1;
- (2) Added another new section to Chapter 27 granting the Director of Health the authority to fill position shortage categories by (A) providing perquisites such as quarters and utilities; (B) providing monetary incentives; and (C) paying one-way travel and moving expenses; and
- (3) Amended Section 103-22 (Advertisement for Bids Required; Exceptions) by exempting purchases of medical diagnostic and therapeutic equipment for the County/State Hospitals Division from the state bidding requirements.

Your Committee believes that these amendments will better accomplish the purposes of this measure.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2514, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2514, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Solomon.

SCRep. 1800 Education on S.B. No. 3050

The purpose of this bill is amend the laws of the State of Hawaii to transfer authority for classification and compensation of public librarian positions from the civil service system to the Board of Education.

Currently, public librarians are classified and compensated under the civil service system. This bill would transfer such authority to the Board of Education.

Your Committee received supporting testimony from the Hawaii Library Association, the Oahu Library Advisory Commission, the Librarians Association of Hawaii, the Hawaii State Librarian, and numerous administrators, librarians, and friends of the public library system. However, your Committee decided that a study should be conducted first to develop a new plan for classification and compensation.

Your Committee has amended the bill by deleting all the proposed amendments and by adding an appropriation to fund the study and development of a new classification and compensation plan to be submitted to the next regular legislature convening in 1989.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 3050, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3050, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1801 (Joint) Education and Government Operations on S.B. No. 2814

The purpose of this bill is to emphasize that the existence of the Junior Police Officers program is not contingent upon the availability of commercial insurance and to immunize from civil liability all persons involved in Junior Police Officers activities.

Currently, the State is required by Section 27-26, Hawaii Revised Statutes, to procure insurance to protect any child participating in the Junior Police Officers (JPO) program. This bill addresses the concerns of funding the required insurance and the liability to parents and educational officers involved in the program.

Your Committees received supporting testimony from the Superintendent of Education and the Police Department of the City and County of Honolulu and find the bill would allow the JPO program to continue, by removing the dependency on acquiring commercial insurance and by protecting those people involved with the program from civil liability except for acts or omissions committed with malicious or improper purposes.

Your Committees have amended the bill by inserting a new SECTION 1 which amends Section 52-18, Hawaii Revised Statutes, to require the chief of police of each county to submit a yearly report identifying the locations where junior police officers are no longer needed and by renumbering the other sections of the bill accordingly.

Your Committees on Education and Government Operations are in accord with the intent and purpose of S.B. No. 2814, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2814, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committees except Senators McMurdo and Cobb.

SCRep. 1802 (Joint) Education and Higher Education on S.B. No. 3017

The purpose of this bill is to create a Bureau for Education Policy and Research in the College of Education at the University of Hawaii.

Your Committees received supporting testimony from the Superintendent of Education and the Dean of the College of Education. The testimony indicated that objective research and evaluation services are vital elements of informed policy making, especially for the Legislature.

Your Committees find that the Bureau would be an an invaluable resource providing research and data to policy makers concerning the impact of legislation, policies and overall educational trends vital to the community.

Upon consideration, your Committees have amended this bill by:

- (1) Adding that the Bureau shall provide analyses and recommendations on educational reform proposals as may be referred to it by the legislature, the governor, the board of education, and the board of regents;
- (2) Requiring that the Bureau shall be advised by an advisory council;
- (3) Making an appropriation in the amount of \$98,244 to hire staff and fund other necessary expenses of the Bureau;
- (4) Amending the effective date; and
- (5) Making several technical and language changes which have no substantive effect.

Your Committees on Education and Higher Education are in accord with the intent and purpose of S.B. No. 3017, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3017, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senator McMurdo.

SCRep. 1803 Education on S.B. No. 2604

The purpose of this bill is to establish the Hawaii Young Scholars Program and provide for its funding.

As an insular state with both Eastern and Western Hemisphere orientations, Hawaii is uniquely positioned to offer its students opportunities to expand their learning experiences through world travel. The Hawaii Young Scholars Program will provide both summer study grants for public high school students and year-long college study grants for public high school graduates.

Each public high school will be eligible annually to select representatives for each of these two kinds of grants, thus giving students throughout the State an opportunity to participate in this unique program. In this way, the Hawaii Young Scholars Program will not only recognize its outstanding students in a tangible way, but will also broaden the perspective of all state residents to the growing international role that Hawaii can play.

Your Committee received supporting testimony from the Department of Education and the Hawaii Association for Intellectually Gifted Children and finds that first-hand experience and study in foreign countries can provide to students many educational and cultural benefits and the motivation to strive for academic excellence.

Your Committee has amended the bill by:

- (1) Limiting the amount of a grant for each student in the Hawaii International Scholars Program to \$15,000;
- (2) Substituting the Department of Budget and Finance as the administering agency;
- (3) Establishing a Hawaii Young Scholars Special Fund to ensure that funds are available when the scholars are able to begin their study programs;
- (4) Providing for the Department of Budget and Finance to be the expending agency and for the program to be included in the executive budget thereafter; and
- (5) Making technical changes which have no substantive effect.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2604, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2604, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator McMurdo.

SCRep. 1804 Education on S.B. No. 2607

The purpose of this bill is to appropriate funds for the expansion of the language arts multicultural program.

Currently, the Hawaii County Economic Opportunity Council provides after-school tutorial assistance for over one hundred students. This bill funds the statewide expansion of the program.

Your Committee received supporting testimony from the Department of Labor and Industrial Relations and finds that the program is a positive step toward attempting to reverse a potentially life-long trend of underachievement by providing supplemental activities based on student's interests.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2607 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 McMurdo.

SCRep. 1805 Transportation on S.B. No. 2548

The purpose of this bill is to remove the penalty of imprisonment for certain traffic violations.

Your Committee received testimony from the Department of Transportation which explained that the penalty of both fines and imprisonment are unnecessary in certain instances.

This bill would remove the penalty of imprisonment and leave only the penalty of fines for the affected violations.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2548 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 1806 Transportation on S.B. No. 2436

The purpose of this bill is to create a new chapter in the Hawaii Revised Statutes relating to parking and traffic violation administrators.

The bill proposes, to decriminalize most parking and traffic violations and to consolidate the adjudication of such matters within the counties.

Your Committee finds that a civil administrative system of processing and enforcing minor and routine violations is anticipated to (1) reduce overlapping jurisdictions between State and Counties, and (2) decrease the costs of time expended by law enforcement officers and court time.

Your Committee further finds that the proposed civil adjudication system would lift the burden off the State court system by permitting default judgments and pre-set mail in fines for uncontested cases.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2436 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 1807 Higher Education on S.B. No. 2888

The purpose of this bill is to amend the laws of the State of Hawaii relating to the undergraduate instructional program in Tropical Agriculture at the University of Hawaii at Manoa (UH-Manoa) and the University of Hawaii, Hilo Campus (UH-Hilo).

Your Committee has amended this short form bill by:

- 1) Adding a findings and purpose section; and
- 2) Appropriating \$100,000 to create one new position and to finance and support student exchange, faculty exchange, summer research salaries, and split faculty appointments; to be expended by the University of Hawaii; and to take effect on July 1, 1988.

Your Committee finds that the subject matter of this bill arose from a study and a series of reports conducted by the University of Hawaii and provided to its Board of Regents (BOR). On May 27, 1987, President Albert J. Simone charged an 11-member task force to consider:

- 1) The feasibility and desirability of moving the undergraduate program in Tropical Agriculture from UH-Manoa to UH-Hilo; and
- 2) The necessity of and academic and economic justification for maintaining both undergraduate programs within the University of Hawaii.

The task force presented a comprehensive set of findings of consideration by the President but did not make any specific recommendation on either of the two questions framed above. Based on the task force report and the missions of UH-Manoa, and UH-Hilo, the College of Tropical Agriculture and Human Resources (CTAHR), UH-Manoa, and College of Agriculture (CA), UH-Hilo, President Simone made a presentation to the BOR Committee on Academic Affairs on December 17, 1987. The presentation contained the following conclusions:

- 1) The undergraduate agriculture program at UH-Manoa should not be moved to UH-Hilo.
- 2) There is a rationale for the maintenance of two undergraduate programs in agriculture, one at UH-Hilo and one at UH-Manoa.
- 3) Extreme care must be taken in all future deliberations to recognize the different missions of UH-Manoa and UH-Hilo in general, and CTAHR, UH-Manoa and CA, UH-Hilo in particular.
- 4) Collaborative programs between CTAHR, UH-Manoa and CA, UH-Hilo, of benefit to both colleges, are possible and will be pursued.
- 5) Programs of interest and importance to the State which can be served best through initiation and/or emphasis at CA, UH-Hilo will be aggressively pursued.

The BOR requested the President to prepare a plan for the implementation of items 4 and 5 above. The plan was prepared at a meeting on January 13, 1988, of the administrators of CTAHR, UH-Manoa, CA, UH-Hilo and the President and his staff. This plan was accepted on February 18, 1988, by the Committee on Academic Affairs of the BOR as the direction in which to move forward while reserving the right to assess cost items in the plan relative to other priorities. The committee's actions were supported by President Simone, the Chairman of the UH-Manoa Faculty Senate, the Dean and the Faculty Senate, Chairman of CTAHR, UH-Manoa, and the Chancellor and Dean of CA, UH-Hilo.

Your Committee took account of the actions of the BOR committee in fully amending the bill and the chairman and members of the board concurred with the intent and content of the amendments.

This bill, as amended, will initiate the implementation of an action alliance between CTAHR, UH-Manoa and CA, UH-Hilo through student exchanges to enrich the learning experiences, faculty exchanges to improve the quality and expand

the scope of instruction, split appointments and summer salaries for CA, UH-Hilo faculty to have research or extension projects of the Hawaii Institute of Tropical Agriculture and Human Resources (HITAHR), and split appointments for CTAHR faculty to add their expertise to the teaching resources of CA, UH-Hilo.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 2888, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 2888, S.D. 1, and be referred to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee.

SCRep. 1808 Higher Education on S.B. No. 3396

The purpose of this bill is to appropriate funds to the University of Hawaii Maricultural Facility at Hakipuu Stream.

This bill appropriates \$225,000 to provide for the cost of repair work at the University of Hawaii Maricultural facility and along the lower portion of Hakipuu Stream, Oahu, to alleviate flooding and erosion along the lower portion of Hakipuu Stream and to prevent further silt and debris from entering Kaneohe Bay. The University of Hawaii is designated as the expending agency.

The University of Hawaii has operated a Maricultural Facility on land leased from Kualoa Ranch at Hakipuu, Oahu since 1985. This facility serves an important role in the State's teaching, research and service activities in aquaculture. It is the only public complex of commercial size ponds dedicated to research, training, demonstration and extension in the State of Hawaii. Some significant improvements in semi-intensive shrimp culture have been developed using these ponds in the past years, and this knowledge has been extended through courses and workshops.

In 1977, Aquatic Farms constructed twelve aquacultural ponds makai of Kamehameha Highway; while they obtained all the necessary permits for the construction of the upper ten ponds and the Hakipuu Stream division, they failed to obtain any permits for the construction of the lower two aquacultural ponds.

Residents in the area contend that prior to 1977, Hakipuu Street used to discharge onto the swampy low-laying land on which the two illegal aquacultural ponds were built by aquatic farms. In 1982, the City and County was made aware of the illegal ponds based on complaints of flooding by residents in the community.

Your Committee finds that meetings between the City and University could resolve the threat of future flooding to the property owners along Hakipuu Stream by:

- (1) Removing a portion of the lower ponds;
- (2) Returning the elevation of that area to what it was in 1976; and
- (3) Filling the existing stream invert in this area to an elevation about equal to the invert of the proposed graded area.

Your Committee, after hearing the testimony on this bill, finds that there is a pressing need to address this problem as soon as possible. Your Committee therefore directs the University of Hawaii and legal counsel, to meet the City and County of Honolulu and legal counsel, to come up with a time schedule and procedures for the implementation of repair work at Hakipuu Stream.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 3396 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. 1809 Higher Education on S.B. No. 2883

The purpose of this bill is to establish a Bishop Research Institute to strengthen the research programs of the Bishop Museum and the University of Hawaii.

The Institute would be able to chart its own course, as established by its Board of Directors, yet will serve as neutral ground upon which researchers from the University and the Museum may join together to pursue common interests and goals. The structure of the Institute is uncomplicated and flexible and would be capable of responding to changing conditions.

Your Committee met several times with the University and the Bishop Museum to discuss the bill and proposed amendments. This draft represents the combined effort of the state government, University and a private organization to develop legislation addressing the concerns of the parties involved.

Your Committee has amended the proposed new chapter of the bill by:

- 1) Deleting from section 2, the phrase "The institute shall join appropriate components of the university and the museum;"
- 2) Deleting from section 4, the requirement that the University reimburse the museum for half of the salaries paid by the museum;

- 3) Deleting from section 4, any eligibility of Institute researchers to become University faculty members;
- 4) Deleting from section 4, the power of the Board to set salary of the Director and instead allow the Board to authorize compensation from Institute funds for services rendered by the Director;
- 5) Adding to section 4, the requirement that research conducted by the Institute for the Museum or the University be on a contractual basis;
- 6) Deleting from section 5, any conditions of employment of Institute personnel;
- 7) Changing section 6, to delete approval of the Director and Board concerning access to the Institute, and instead leaving that issue to contractual negotiations;
- 8) Deleting section 7 in its entirety on Museum autonomy;
- 9) Placing the Institute with the Office of the Governor instead of the University, for administrative purposes; and
- 10) Adding a severability clause.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 2883, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2883, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1810 Higher Education on S.B. No. 2855

The purpose of this bill is to establish a discoveries and inventions revolving fund.

This bill would require moneys appropriated for fiscal year 1988-1989 to the University "for the purpose of supporting innovation and research commercialization, and the patenting, copyrighting, licensing and marketing of discoveries, inventions, and technologies developed at the University," to be deposited into the revolving fund. All proceeds from commercial exploitation of inventions and intellectual property developed at the University would also be deposited into the fund. The fund would be used to develop technologies which have potential commercial value and to support administration of technical transfer activities at the University.

Your Committee on Higher Education is in accord with the intent and purpose of S.B. No. 2855 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. 1811 Tourism and Recreation on S.B. No. 2905

The purpose of this bill is to appropriate \$3,000,000 to be expended by the Department of Land and Natural Resources to repair and upgrade Mala wharf and its boat launching facilities.

Your Committee finds that this project is consistent with legislative funding policies.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2905 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. 1812 Tourism and Recreation on S.B. No. 2224

The purpose of this bill is to appropriate \$700,000 to be expended by the Department of Land and Natural Resources to acquire properties around Laie Point for park purposes.

Specifically, the area to be acquired is listed as parcels 2, 3, 22 and 29 of Tax Map Key 5-5-10.

Your Committee finds that Laie Point is a popular fishing area for residents and a scenic site for visitors. Acquisition of surrounding lands would assure that such uses are preserved.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2224 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. 1813 Tourism and Recreation on S.B. No. 2487

The purpose of this bill is to issue general obligation bonds and appropriate \$4,000,000 to be expended by the County of Hawaii for the planning, construction, and renovation of the Afook-Chinen Auditorium in Hilo, Hawaii.

Your Committee finds this project to be consistent with legislative policies relating to recreation.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2487 and recommends that it pass Second Reading and be referred to Ways and Means.

Signed by all members of the Committee.

SCRep. 1814 Tourism and Recreation on S.B. No. 2309

The purpose of this bill is to authorize the counties to provide lifeguard services for state beaches where it believes the number of swimmers warrants a lifeguard and water hazards present a threat to public safety. The county would first have to obtain state permission to provide such services at any particular beach.

The bill also appropriates funds to be expended by the Department of Land and Natural Resources to reimburse the counties for lifeguard services.

Your Committee finds that the counties have sole responsibility for providing lifeguard services at all beaches, and that it is appropriate for the State to reimburse the counties for providing such valuable services at state beaches.

Your Committee has amended this bill as follows:

- (1) Changed the title of the proposed new section to Chapter 46, Hawaii Revised Statutes, from "State park life-saving services" to "State beach park life-saving services";
- (2) Changed the reference to "lifeguard services," in line 5, page 1, to read "life-saving" services, in order to be consistent with the title of the new section;
- (3) Provided that the county and the Department of Land and Natural Resources must first mutually agree that life-saving services are necessary for any particular beach before the county may provide such services; and
- (4) Inserted \$371,000 as the appropriation for fiscal year 1988-1989.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2309, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2309, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1815 Tourism and Recreation on S.B. No. 2395

The purpose of this bill is to appropriate \$25,000 to be expended by the Department of Transportation for the purchase of a mechanical hoist at Milolii Pier, Hawaii.

Your Committee finds this project to be consistent with legislative funding policies.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2395 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. 1816 Tourism and Recreation on S.B. No. 2876

The purpose of this bill is to appropriate \$200,000 to be expended by the Department of Transportation for plans and construction of bicycle paths on Maui.

Your Committee finds that this project is consistent with legislative funding policies.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2876 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. 1817 Tourism and Recreation on S.B. No. 2292

The purpose of this bill is to provide an income tax credit for each individual resident taxpayer for the amount of any transient accommodation taxes paid by the taxpayer. The Director of Taxation would be required to prepare claim forms and would be authorized to require taxpayers to provide proof of their claims for credit.

Your Committee received supporting testimony from the Executive Director of the Hawaii Hotel Association and finds that the transient accommodations tax assessment against residents is unfair since the purpose of the tax is to finance tourist-related infrastructures which residents are already paying significantly for through other taxes. Your Committee further finds that this tax creates a disincentive for residents to take advantage of "Kamaaina" and other special programs which hotels use to attract residents in the off-season.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2292 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. 1818 Tourism and Recreation on S.B. No. 2294

The purpose of this bill is to increase the fee for hunting licenses by thirty-three and one third percent.

The fees for hunting licenses have not been adjusted for many years while the costs of maintaining the State's public hunting program have steadily increased. Currently, all revenues from hunting license sales are deposited directly into the State general fund and are not earmarked for the support of public hunting. As reflected in the testimony presented by the Department of Land and Natural Resources, hunters generally oppose raising license fees, unless there is a corresponding improvement in the programs.

It is the understanding of your Committee, however, that this bill was introduced at the request of the majority of the hunting community as a symbolic gesture of their support of the State's public hunting program and their willingness to support improvements to the program through increased fees.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2294 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. 1819 Tourism and Recreation on S.B. No. 3363

The purpose of this bill is to appropriate \$94,200,000 to be expended by the County of Hawaii for various infrastructure improvements in West Hawaii, County of Hawaii.

Your Committee finds that West Hawaii has great potential for increased tourist activity and resort development and that the projects enabled by this appropriation will result in substantial future benefits to the community and the State.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 3363 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. 1820 Tourism and Recreation on S.B. No. 2354

The purpose of this bill is to appropriate \$100,000 to be expended by the Department of Health for plans, design, and equipment for renovation and improvements to the aquatic facilities at the YWCA, Hilo, Hawaii.

Your Committee finds this project to be consistent with legislative funding policies relating to recreation.

Your Committee, upon further consideration, believes that the Department of Accounting and General Services should be the expending agency, and has amended the bill accordingly.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2354, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2354, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1821 Tourism and Recreation on S.B. No. 2645

The purpose of this bill is to enable the transfer of certain parks to the State from the City and County of Honolulu, and to enable the acquisition of Queen's Beach by the State.

Specifically, the bill would provide for the transfer of Kawainui Marsh, Hanauma Bay, Sandy Beach, Kahana Bay Beach Park, Kuilei Cliffs/Diamond Head Beach Park, and Hoomaluhia Park, including related improvements, personnel, equipment, and functions. Queen's Beach would be purchased by separate appropriation to the Department of Land and Natural Resources.

Your Committee finds that although there is ample precedent and statutory authority for the transfer of parks from the City and County of Honolulu to the State, the problems attendant to such actions do not warrant such action at the present time. However, your Committee believes that it is prudent for the State to acquire Queen's Beach at this time. Therefore, your Committee has amended the bill by deleting the material relating to the transfer of parks and leaving intact the appropriation for the purchase of Queen's Beach.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2645, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2645, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1822 Tourism and Recreation on S.B. No. 3351

The purpose of this bill is to appropriate \$1,000,050 to be expended by the Department of Accounting and General Services for plans and construction of a fifty meter swimming pool complex on Kauai, provided that the County of Kauai or private organizations provide matching funds.

Your Committee finds that Kauai needs a fifty meter swimming pool and that this project should be undertaken. However, your Committee also finds that at the present time it is more appropriate to confine the project to plans for the swimming pool. Therefore, your Committee has amended the bill to provide for an appropriation of \$150,000 for plans and has deleted the matching funds provision.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 3351, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3351, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1823 Tourism and Recreation on S.B. No. 2296

The purpose of this bill is to appropriate an unspecified sum of state and other federal funds for the construction of a state shooting range on the island of Oahu.

Your Committee has held a public hearing on this measure and received testimony from the Department of Land and Natural Resources, the Department of Parks and Recreation of the City and County of Honolulu, and numerous sporting organizations in support of the purpose and intent of this bill. It is apparent from the abundance of support that there is an immediate need for a state shooting facility on the island of Oahu to accommodate the large number of potential range users. It is also apparent that such a facility could also be used for training state law enforcement personnel, conducting state hunter safety classes, hosting state, regional, national, and international shooting events, and serving as an Olympic training and practice site for shooting sports and archery competition.

Your Committee has amended this bill by inserting the amount of \$868,450 for the construction of the shooting range and \$651,307.50 as the federal fund matching portion.

Your Committee notes that the federal funds described in the bill will be derived from the Pittman-Robertson Federal Aid In Wildlife Restoration Act. These funds are available for range construction and may be used to finance seventy-five percent of the total construction costs.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2296, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2296, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1824 Tourism and Recreation on S.B. No. 2863

The purpose of this bill is to require the Department of Land and Natural Resources to compile a comprehensive inventory of the State's public accesses to beaches, parks, and hiking trails, and to appropriate funds for such purpose.

Specifically, the Department would be required to:

- (1) Centralize information on public access to beaches, parks, and hiking trails;
- (2) Maintain lists of such accesses with identifying criteria;
- (3) Make an inventory of facilities at such locations; and
- (4) Issue a publication containing this information.

Your Committee finds that Hawaii's beaches, parks, and hiking trails are extremely important to visitors and residents alike, and that information regarding access to them should be public knowledge and available to anyone who wishes to enjoy these natural resources.

Your Committee has amended the bill by deleting Section 2 and by renumbering the remaining sections accordingly.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2863, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2863, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1825 Tourism and Recreation on S.B. No. 2740

The purpose of this bill is to establish the Hawaii Shoreline Recreation Reserves System and the Kaneohe Bay Reserve Area.

Under this bill, areas in the State designated as shoreline recreation reserve areas would be managed by the Hawaii Shoreline Recreation Reserves System Commission in the Department of Land and Natural Resources. The Commission

would conduct studies, recommend specific areas for inclusion in the System, establish policies for control and use of such areas, and enforce rules. The Legislature would be required to designate a shoreline recreation reserve area upon determination of need for special control and permitted uses of the area to preserve unique qualities and recreational benefits.

The Kaneohe Bay Reserve area would include the shoreline area and waters extending from Kualoa Point on the northwest to the Mokapu Peninsula on the southeast.

Your Committee finds that in recent years, many of Hawaii's most valuable shoreline areas have experienced intense use by tourists as well as local residents, and that such use, combined with increased residential and commercial development, has caused stress to these shoreline environments, threatening continued enjoyment of these unique areas by future generations. Therefore, your Committee finds this bill to be consistent with legislative and administrative efforts to protect, enhance, and preserve Hawaii's precious natural assets to the benefit of visitors and local residents alike.

Your Committee has made technical nonsubstantive amendments for purposes of clarity.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2740, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2740, S.D. 1 and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Nakasato and Solomon.

SCRep. 1826 Culture, Arts and Historic Preservation on S.B. No. 2584

The purpose of this bill is to require the State to contribute funds to the Bishop Museum by designating it as the "State Museum for Natural and Cultural History."

The Bishop Museum collects and preserves Hawaii's cultural and natural specimens, serves as a depository for cultural and natural history specimens, helps to create a permanent record of cultural and natural history of Hawaii through its collections and scholarly studies, and serves as an educational resource for and about Hawaii.

The addition of a new section and an amendment to an existing section would allow state funds, appropriated for the Bishop Museum, to be administered by, monitored by, and included in the budget of the State Foundation on Culture and the Arts.

Your Committee heard testimony presented by the Department of Land and Natural Resources (DLNR), and has adopted DLNR recommendations by amending the bill to include archaeological services, as a guaranteed service to be performed by the museum. In addition, clarifying language changes were made, 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. 2584, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2584, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1827 Culture, Arts and Historic Preservation on S.B. No. 3015

The purpose of this bill is to change the name of the Honolulu symphony endowment fund to the State of Hawaii endowment fund.

Act 382, Session Laws of Hawaii 1987 established the Honolulu symphony endowment fund with appropriations for fiscal years 1987-1988 and 1988-1989. This bill renames the fund as well as establishes restrictions on the use of the fund.

Your Committee heard favorable testimony presented by the Executive Director of the Honolulu Symphony, who determined that the Honolulu Symphony instead of the Department of Accounting and General Services (DAGS), would be better able to administer the endowment to maximize the rate of return on investment.

Your Committee has amended the bill to adopt these recommendations and include an annual audit by an independent auditor, to be submitted to DAGS, covering the State of Hawaii endowment fund.

Your Committee is in accord with the intent and purpose of S.B. 3015, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 3015, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Reed.

SCRep. 1828 Culture, Arts and Historic Preservation on S.B. No. 2406

The purpose of this bill is to appropriate \$125,000 to the Honolulu Community Theatre to renovate the Fort Ruger Theatre.

Currently, the Honolulu Community Theatre performs in the fifty-one year old Fort Ruger Theatre and provides quality productions at affordable prices. In addition, the theatre has always made itself available to community groups and human service organizations as a source of fund raising activity.

Your Committee finds that the deteriorating Fort Ruger Theatre building is in need of major structural remodeling, including upgrading existing restroom facilities.

Your Committee finds that this bill will encourage the promotion of culture and the arts in the State.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 2406 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. 1829 Culture, Arts and Historic Preservation on S.B. No. 2953

The purpose of this bill is to appropriate funds for a Pacific-Asian art festival.

The Pacific-Asian art festival will include poetry readings, plays, films, music, and fine arts exhibits.

Your Committee has amended this bill by designating the University of Hawaii's College of Arts and Humanities as the coordinating agency.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 2953, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2953, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1830 Culture, Arts and Historic Preservation on S.B. No. 3277

The purpose of this bill is to increase the public's awareness of State Historic Sites by requiring the State to include the Hawaii register of historic places on state tax maps.

This bill would require the State to include the 1) present use; 2) zoning; and 3) physical use capabilities about land within each taxation district for the guidance of assessors, information of various tax review tribunals, and use by the general public.

Your Committee finds that making the general public more aware of the location of important historical sites would improve the state historic preservation program.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 3277 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1831 Culture, Arts and Historic Preservation on S.B. No. 3329

The purpose of this bill is to appropriate \$387,156 to be expended by the Department of Land and Natural Resources as a grant-in-aid to Mo'okini Heiau Complex.

Your Committee heard testimony by the Board of Land and Natural Resources, among others, and finds that the Department is looking towards long range commitments to developing cultural and recreational parks along the coastline of West Hawaii, but would prefer that this funding, if approved, be included in the Department's operating budget and dispersed through a management contract, rather than expended as a grant-in-aid. Your Committee agrees and has amended the bill accordingly.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 3329, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3329, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1832 Culture, Arts and Historic Preservation on S.B. No. 2961

The purpose of this bill is to appropriate \$82,850 for the production of a documentary film entitled "Rediscovery of Ancient Hawaiian Crafts." The film will contain a history of ancient Hawaiian crafts and the contributions of the master craftsmen of Hawaii.

Your Committee heard supporting testimony by the State Foundation on Culture and the Arts and the Hawaii Craftsmen, who gave an in-depth description of how the half-hour film would examine Hawaii's traditional artforms--plaiting, basketry, wood and stone carving, gourd propagation and decoration.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 2961 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 Reed.

SCRep. 1833 Culture, Arts and Historic Preservation on S.B. No. 3108

The purpose of this bill is to appropriate \$50,000 to produce a multifaceted pilot program to develop and encourage cultural excellence and promote awareness of Hawaii as a cultural oasis.

Located in Hawai'i Volcanoes National Park, the Volcano Art Center's cultural and arts program would provide:

- (1) An ongoing community outreach program to provide Hawaii's folk artists with an opportunity to present their work to the 1.5 million visitors that pass through the park each year;
- (2) A location where students and master teachers will be brought together to ensure the continuity of traditional crafts; and
- (3) A training program for visitor industry personnel and other interested groups needing historical perspective and interpretive skills, allowing them to accurately represent Hawaii to visitors and businesses.

Your Committee heard testimony by the State Foundation on Culture and the Arts 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. 3108 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 Reed.

SCRep. 1834 Culture, Arts and Historic Preservation on S.B. No. 3016

The purpose of this bill is to exempt culture, arts, history and humanities organizations, receiving awards of not more than \$100,000, from the application requirements of Chapter 42, Hawaii Revised Statutes, relating to grants, subsidies, and purchases of service.

Your Committee heard supporting testimony by the Arts Council of Hawaii and Ballet Hawaii and finds that this bill will expedite the awarding of funds for worthwhile cultural and artistic projects. Your Committee believes that the time-consuming and cumbersome requirements of Chapter 42 might have adverse effects unintended by the Legislature and actually inhibit the planning and implementation of beneficial artistic and cultural productions which your Committee believes are worthy of state support.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 3016 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 Reed.

SCRep. 1835 Culture, Arts and Historic Preservation on S.B. No. 3121

The purpose of this bill is to relocate the statue of Queen Lili'uokalani.

This bill adds a new section to Chapter 6E, Hawaii Revised Statutes, to officially designate the location of the statue on the front lawn of the capitol grounds, facing Washington Place. This bill also appropriates funds for the relocation.

Presently the statue of Queen Lili'uokalani rests between the Iolani Palace and the state capitol, facing the capitol. Testimony submitted by Moini Cazimero indicated that this "site is not befitting of the last Queen of Hawaii's Monarchy."

Your Committee finds that the site designated in this bill is appropriate for the relocation of the statue of Queen Lili'uokalani, 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. 3121 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. 1836 Judiciary on S.B. No. 3297

The purpose of this bill is to impose a state tax on illegal drugs in order to deter the sale and possession of illegal drugs.

Your Committee held a public hearing and received favorable testimony from the Honolulu Police Department and the Attorney General.

According to a recent survey (July 1987 - October 1987) by the Minnesota Department of Revenue, there are 19 states with existing drug tax statutes, 3 states (Alabama, Indiana, and New Hampshire) are currently working on similar legislation, and 30 states (including Hawaii) with no applicable statutes.

S.B. No. 3297 is closely modeled after the Minnesota law whose constitutionality has been upheld by the District Court of the Tenth District and the District Court of the Second Judicial District. Judge James A. Morrow of the Minnesota Tenth Judicial District, reviewing the Minnesota law, observed that "the first problem with defendants' constitutional challenge is that the Act does not compel the applicant to give incriminatory information about themselves." Further,

Judge Morrow found that "the confidentiality provision of the Act restricts the use of all information gathered under the Act in criminal proceedings."

Upon review, your Committee finds that S.B. No. 3297 contains the necessary safeguards to satisfy any constitutional concerns. Since S.B. No. 3297 has its genesis in the Minnesota law, your Committee recommends to the Department of Taxation, in its implementation of this act, to adopt the procedures, policies, and forms used by the Minnesota Department of Revenue.

Your Committee finds that S.B. No. 3297 will serve as a legal "weapon" against drugs by allowing the State to assess penalties through the seizure of dealers' assets. S.B. No. 3297 will also serve to provide additional revenues to the state.

Your Committee has amended this bill to include the definition for commissioners and department sections and to clarify the language in sections -4, -7(b), and -13.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 3297, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3297 S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Menor, Holt, McMurdo and Solomon.

SCRep. 1837 Judiciary on S.B. No. 118

The purpose of this bill is to appropriate funds for the development of a Juvenile Justice Information System.

Your Committee on Judiciary finds that, presently, there is no system available linking the police department, prosecutors, the family courts, and HYCF to provide complete and accurate data on juvenile offenders. Data is transmitted on a manual basis or not shared, as agencies may not be aware that another agency has the information needed.

Further, your Committee believes that the proposed Juvenile Justice Information System will provide personnel working with juveniles (e.g., police officers, probation officers, judges, prosecutors and correctional workers) informational background on arrest and court data, personal data, social services provided, and concise up to date status of juvenile offenders within the juvenile crime process.

Your Committee believes that the planned system will not only aid in the gathering of information on juvenile offenders, but may also serve as a technological breakthrough for other information sharing systems in Hawaii. The system will be revolutionary, in that, it does not require sequential data entry by the user agencies, there will be no duplication of effort per user agency, and the system will allow for the security of confidential information to each user agency.

Your Committee has heard testimonies from the judiciary, the Honolulu Police Department, Department of Corrections, Prosecuting Attorneys of Kauai and Hawaii, the Hawaii County Police Department, and the chairperson of the Juvenile Justice Interagency Board in support of S.B. 118.

Your Committee recommends adopting the proposed amendments to this bill, as suggested by the Juvenile Justice Interagency Board. As the Juvenile Justice Information System is not ready for implementation, Section 1 of the bill is amended to appropriate the sum of \$612,000, in fiscal year 1988-1989, for the development of the information system.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 118, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 118, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Holt.

SCRep. 1838 Judiciary on S.B. No. 2758

The purpose of this bill is to establish an Administrative Services Manager in the department of the attorney general.

Your Committee on Judiciary believes that an Administrative Services Manager should assist the attorney general in the daily operations of the department to provide the attorney general relief from non-legal responsibilities. The Administrative Services Manager shall be in a position of authority to oversee the operational and administrative duties such as personnel, planning, and budgeting. Further, the Committee on Judiciary believes that it shall not require that this position be filled by an attorney, but shall have legal experience.

Your Committee on Judiciary recommends amending the bill to require that the Administrative Services Manager shall possess a minimum qualification as having more than three (3) years of managerial experience whether in Public Service or Private Sector.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2758, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2758, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1839 Judiciary on S.B. No. 2063

The purpose of this bill is to increase utilization of the Hawaii Election Campaign Fund (HECF) and encourage compliance with the voluntary campaign spending limits.

Your Committee finds that candidates for public offices have not utilized the the Hawaii Election Campaign Fund (HECF) which has accumulated a surplus of over \$1.6 million. To encourage the utilization of the HECF and compliance with the voluntary campaign spending limits, your Committee has amended this bill to reflect an increase in the amount of money available to candidates from \$500 to \$1000.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2063, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2063, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1840 Judiciary on S.B. No. 2125

The purpose of this bill is to appropriate funds to the programs of the Judiciary for the 1988-89 fiscal year.

In considering the Judiciary's supplemental budget request your Committee has examined both the actions taken by the Judiciary in fiscal year 1987-88 as well as the goals and objectives of the future.

Review of fiscal year 1987-88

In FY88 the Judiciary acted on several projects initiated by the legislature:

1. Night Court in Kaneohe;
2. Electronic Security Equipment for the Courts;
3. Electronic Court Reporting System; and
4. Video Arraignment.

The Judiciary reports that night court has met with some success and needs to be further evaluated. At the same time, the Judiciary has begun a similar program in the First Circuit Family Court. This alternative was used to help alleviate the growth of cases in Family Court as well as provide people (uncontested divorce cases) with a more relaxed setting than day court.

The electronic security equipment (similar to that used at the airports) provides for additional and inexpensive court security.

The Electronic Court Reporting and Video Arraignment pilot programs have yet to be fully implemented due to forces beyond the Judiciary's control. Your Committee feels that its impending success will provide the Judiciary with alternate means of meeting their stated objectives, that is, to reduce case backlog and delay at all levels of the court system.

Findings and recommendations

In reviewing the FY 1988-89 budget as a whole, your Committee kept in mind the broad implications and consequences; in other words, how the annual budget impacts the judicial system as a whole.

Questions directed at the Judiciary included defining problems so that recommendations can be proactive vis-a-vis reactive. In asking these questions, your Committee has concluded that many of the budget recommendations of the Judiciary do not reflect a proactive philosophy.

As a result of your Committee's review and recommendations the Judiciary's operating budget for FY 1988-89 has been reduced by \$650,274 and the investment capital appropriation has been increased by \$200,000 in FY 1988-89..

Operating budget

The Judiciary is requesting an additional 35 permanent positions and \$1.6 million in FY 1988-89. Your Committee recommends authorization of 22 positions.

Reorganization

Ten positions were requested pursuant to the Arthur Young & Company's "Organization Review of the Administrative Support Services." Your Committee held a public hearing specifically on the Arthur Young report and strongly believes that the findings, and recommendations, were not fully substantiated.

Your Committee believes that the Judiciary is incorrectly trying to solve its inherent problems. The Judiciary's problems should be clearly identified in a causal model based upon emphasizing "problems" as "consequences" of a range of factors and then propose a new set of alternative solutions.

Personnel problems

The Judiciary is constantly requesting the Legislature for new permanent positions or to convert temporary positions to permanent ones. The Judiciary justifies the request as being a result of problems with recruitment and retention.

Analysis of the supplemental budget requests has led your Committee to believe that this is a reactive rather than a proactive approach. The Judiciary presently has 141.5 vacant permanent positions, of which 16% has been vacant for at least 2 years, and one position has been vacant since 1977.

In response to the relatively large number of old vacancies and the Judiciary's compelling desire to request new positions, your Committee recommends that:

1. Extensive program evaluation be conducted to determine whether programs have sufficient or insufficient personnel resources; and
2. Request the Legislative Auditor to perform an audit on the Civil Service process of the Judiciary's personnel office.

In the meantime your Committee recommends authorizing positions in programs that require immediate attention, such as the Fiscal office, the Family Court of the First Circuit, and the Family Court of the Second Circuit.

On the whole, your Committee finds that some of the apparent Judiciary's requests are well justified. However, in the absence of an efficient use of resources, lower priority items should wait further review of a management and personnel audit of the entire Judiciary.

Family Court - Maui

Your Committee has received testimony and written correspondence on the need for a Family Court Judge in the Second Circuit. Although additional help is needed in the Second Circuit, your Committee believes that the potential for decriminalization of minor traffic violations may release present judges to attend to more serious matters, such as the Family Court. In the meantime, your Committee has provided additional funds for per diem judges and support staff.

Investment capital

Your Committee has appropriated \$200,000 in planning funds to conduct a feasibility study in Kaneohe.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2125, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2125 S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Menor, Holt, McMurdo and Solomon.

SCRep. 1841 Planning and Environment on S.B. No. 2675

The purpose of this bill is to appropriate \$1,480,000 for various solid waste management projects on Kauai with the proviso that the funds are matched.

Your Committee finds that implementing solid waste programs will maintain the proper State Health standards essential to the general well-being of the community.

Your Committee has amended the bill by changing the appropriation fund to the transient accommodations tax revenues fund of the State of Hawaii instead of the general revenues of the State.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2675, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2675, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 1842 (Joint) Planning and Environment and Agriculture, Energy and Ocean Resources on S.B. No. 2479

The purpose of this bill is to protect producers of agricultural products from liability for damages resulting from the detection of pesticides in ground-water, provided that the producer has properly complied with label instructions.

Your Committees received supporting testimony from the Hawaii Farm Bureau Federation and the East Oahu County Farm Bureau, and find that there is a potential for liability to be imposed on farmers even though they have followed label instructions. This would place an undue burden on farmers who rely on the accuracy of the labels.

Your Committees find that this bill supports the intent of the Legislature to promote agricultural activities in the State in order to encourage local industries and provide the public with agricultural products at a reasonable cost.

Your Committees on Planning and Environment and Agriculture, Energy and Ocean Resources are in accord with the intent and purpose of S.B. No. 2479 and recommend that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committees except Senators Nakasato, Menor, Holt, Mizuguchi and Young.

SCRep. 1843 Planning and Environment on S.B. No. 2882

The purpose of this bill is to establish a comprehensive statewide program for recycling.

This bill will establish priority in methods of managing solid waste in Hawaii to:

- (1) Reduce the amount of solid waste generated;
- (2) Reuse the material for the purpose for which it was originally intended;
- (3) Recycle material that cannot be reused;
- (4) Recover energy from solid waste that cannot be reused or recycled, as long as the energy recovery facility preserves the quality of air, water, and land resources; and
- (5) Dispose of solid waste that cannot be reused, recycled, or from which energy cannot be recovered by landfilling or other approved method.

Your Committee heard testimony presented by the Director of Health, the City and County Chief Engineer and others supporting the intent of this bill.

Upon further consideration, your Committee has amended this bill by:

- (1) Including a findings section to give background information on the present used oil situation in Hawaii;
- (2) Appropriating an additional \$30,000 to be expended by the Department of Health, to fund an emergency program to ensure the legal disposal of contaminated, used oil collected by service stations participating in the Do-It-Yourselfer Collection Program;
- (3) Changing the effective date of the bill to correspond with the fiscal year;
- (4) Sequentially remunerating the bill section numbers;
- (5) Making clarifying language changes which have no substantive effect.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2882, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2882, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Nakasato and Menor.

SCRep. 1844 Planning and Environment on S.B. No. 3166

The purpose of this bill is to transfer the Land Use Division (LUD) and the Coastal Zone Management (CZM) Program from the Department of Business and Economic Development (DBED) to the Office of State Planning (OSP); transfer the Capital Improvements Program (CIP) allotment process from the Office of State Planning to the Department of Budget and Finance (DB&F) and abolish the Hawaii Institute of Management and Analysis in Government (HIMAG).

Act 336, Session Laws of Hawaii 1987 (SLH), which established the Office of State planning, provided for the transfer of certain programs and activities from the Planning Division and the Population Analysis Program of DBED and the Hawaii Institute for Management and Analysis in Government to OSP. However, the Land Use Division and the Coastal Zone Management Program of DBED were not transferred.

During the course of the 1987 legislative session, there was much discussion as to the placement of LUD and CZM programs with OSP. As a consequence of the legislative action taken in Act 336, SLH 1987, the Conference Committee Report strongly recommended that one of the first tasks of OSP should be to review whether LUD and CZM programs should continue to be retained in DBED or more appropriately placed in another agency. Your Committee finds that LUD and CZM are better suited to the planning functions and activities of OSP rather than DBED whose role is business advocacy. This bill incorporates these changes.

As a result of the State Administration's initiatives in Central Oahu/Ewa and West Hawaii regions, the Governor has taken an interim measure on November 20, 1987, by issuing Administrative Directive No. 87-07, which designated OSP as the lead agency within the Executive Branch to review and coordinate proposed State agency policies, programs, projects and action which pertain to major land use and development and coordinate matters relating to land use and development to assure a more effective planning implementation process for the State.

In reviewing the CZM program, your Committee finds that the kinds of planning activities such as the Ocean Management Plan and the Ocean and Coastal Information Management System have direct implications and linkages to the kinds of projects and activities of OSP such as the Exclusive Economic Zone (EEZ) and the Geographic Information System (GIS). In addition, the linkages with LUD activities will be further strengthened. This change will also allow the CZM program to maintain its broad perspective and facilitate its coordinative and networking role with other agencies.

Since the adoption of Act 336, SLH 1987, an evaluation of the CIP program was conducted and the conclusion was reached that from an operational standpoint, the CIP allotment process should be a function of the Department of Budget and Finance (DB&F) and OSP's role should focus in the planning of public facilities in the budget formulation process.

Hence, this bill will implement procedural changes in coordination with DB&F which are intended to streamline both the review and implementation process of the State's Capital Improvement Program. These procedural changes should prove to be a significant benefit to both the State and Counties by reducing response time needed to review and approve CIP projects. By Administrative Directive No. 87-5, the State's CIP implementation review function, including the CIP allotment process, has been transferred to DB&F and OSP is to concentrate its planning efforts on the CIP budget formulation process in coordination with DB&F.

Your Committee finds that the statewide training mandate of HIMAG is not compatible with the purposes and functions of OSP and that the responsibility for statewide employee training programs rests with the Department of Personnel Services (DPS). Hence, the bill is repealing the pertinent sections of Chapter 81 dealing with the HIMAG program, thus eliminating the previous jurisdictional problems associated with statewide training functions between DPS and HIMAG.

It should also be noted that under the provision of Section 12, Transfer of personnel, CZM staff will be tenured as civil service employees without loss of salary and other employee benefits and privileges.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 3166 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 Nakasato and Menor.

SCRep. 1845 Planning and Environment on S.B. No. 3032

The purpose of this bill is to exempt commercial pesticide applicators from liability for damages caused by pesticide use if the applicator used the pesticide in a manner consistent with the label instructions.

Your Committee received supporting testimony from the Board of Agriculture and the Hawaii Pest Control Association, and finds that the potential for liability poses an undue burden on commercial pesticide applicators who rely on the accuracy of labels.

Your Committee finds that this bill is consistent with the overall intent of the Hawaii Pesticides Laws which regulate pesticide applicators for the public welfare.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 3032 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Nakasato and Menor.

SCRep. 1846 Planning and Environment on S.B. No. 3155

The purpose of this bill is to allow a County agency to reimburse the State for funds advanced to the County within one year after the completion of project construction.

Currently, if Federal funds are not immediately available for wastewater treatment works, the Director of Health may advance the Federal share of planning and design cost to the County. Advances made must be reimbursed to the State immediately upon receipt of funds from the Federal government, or within four years after the advance is made, whichever comes first.

This bill deletes the four-year deadline, and sets a one-year deadline after the completion of project construction. The bill also requires the Director of Health to advance the sum of \$3,000,000 to the County of Hawaii for the planning and design of a Hilo wastewater treatment facility.

Your Committee has amended this bill by making a technical change which has no substantive effect and by amending the effective date.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 3155, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3155, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Nakasato and Menor.

SCRep. 1847 Business Development and Pacific Relations on S.B. No. 3178

The purpose of this bill is to clarify the role of the High Technology Development Corporations and to authorize the expenditure of moneys for emergency purposes.

Your Committee finds that the High Technology Development Corporation was established to promote and support high technology in the State and has under development the Hawaii Ocean Science and Technology Park. This facility is located at Ke-ahole point and is intended to provide space and facilities for the commercialization of high technology.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 3178 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. 1848 Business Development and Pacific Relations on S.B. No. 2206

The purpose of this bill is to appropriate funds to the Pacific International Center for High Technology Research (PICHTR) to continue receiving services from Sanki Corporation of Hawaii (Sanki).

The objective of PICHTR is to further technological and scientific developments in the Pacific/Asia region through international cooperative research and development programs. Your Committee finds that these activities support the intent of the Legislature to develop technological industries in the State.

This bill will provide funds to continue receiving contracted services from Sanki. Sanki's expertise in international business and existing relationships with both private and public sector organizations locally and abroad are vital to the success of PICHTR. Sanki is the only Japanese trading company with an office in Hawaii, dedicated to the fields of hydrogen, desalination, and energy storage.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 2206 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 Cobb, Mizuguchi and Young.

SCRep. 1849 Business Development and Pacific Relations on S.B. No. 2159

The purpose of this bill is to establish the Pacific Basin Trade Corporation within the University of Hawaii.

Under this bill, the Corporation shall:

- (1) Promote business between Pacific Rim countries and the Pacific states, including Hawaii;
- (2) Serve as a one-stop center providing advice and assistance to Pacific Rim countries, Pacific states, and businesses from those areas;
- (3) Encourage Pacific Rim business transactions in Hawaii;
- (4) Identify problems and needs of businesses from Pacific Rim countries or Pacific states;
- (5) Promote and mobilize support for common economic policies and legislative changes that will foster Pacific Rim transactions; and
- (6) Develop and implement strategies for resolving conflicts between Pacific Rim countries and Pacific states, or between businesses from those areas.

The Corporation would have a chief executive officer and advisory board consisting of nine members.

The bill also contains an appropriation to be expended by the University of Hawaii to implement the Corporation.

Your Committee finds that this bill would provide an important mechanism for promoting Hawaii's natural leadership role in Pacific affairs and is consistent with your Committee's mission to foster business development between Hawaii and the Pacific Rim countries.

However, your Committee believes the Pacific Basis Trade Corporation would be better placed in the Department of Business and Economic Development, and has amended the bill accordingly. Your Committee has further amended the bill by generally rewriting certain material to leave maximum flexibility for innovation and implementation of the Corporation's duties and activities, and by providing that the expending agency for the appropriation to implement the Corporation shall be the Department of Business and Economic Development.

Your Committee has also amended this bill by amending the effective date.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 2159, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2159, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Cobb, Mizuguchi and Young.

SCRep. 1850 Business Development and Pacific Relations on S.B. No. 2595

The purpose of this bill is to appropriate \$2,000,000 for capital improvement projects to be coordinated with private sector improvements for Hawaii's Main Street development program.

Your Committee finds that small towns have declined economically, that there is no program designed to help these small towns except the Main Street development program, and that there needs to be systematic coordination of public and private sector improvements being made to small towns.

Your Committee has amended this bill by rewriting SECTION 2 for purposes of clarity, and by adding a new SECTION 4 which appropriates an additional \$95,000 for operational costs to sustain the program and by renumbering the other sections accordingly.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 2595, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2595, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1851 Business Development and Pacific Relations on S.B. No. 2708

The purpose of this bill is to provide a general excise tax exemption for common paymaster operations and certain transactions between related business entities.

Your Committee finds that it is the common practice of businesses to centralize cash requirements as well as managerial and administrative services in order to achieve economies of scale, function, or expertise. These services are reflected on the entities books as services provided and income received. No income tax is imposed on these centralized services, but a four percent general excise tax is imposed on them. The following discussion clarifies this situation.

A parent corporation will charge a subsidiary for managerial, administrative, legal, or accounting services provided in order to supervise the subsidiary properly. For income tax purposes these charges appear on the corporate books. The subsidiary, in turn, records payments for those services to the parent, and this is reflected on the corporate books. No income tax is imposed on these transactions, but a general excise tax is imposed even though no money may have exchanged hands.

Subsection (a) of this bill addresses the problem by exempting those services from the general excise tax. The exemption includes overhead costs attributable to those services.

In some cases, there may be two or more related entities that choose one of the entities to do the payroll for all of the entities. This allows the best use of the expertise within the various entities. The non-payroll entities in this situation would transmit to the common paymaster entity amounts to be disbursed, including wages and salary, payroll taxes, and employee benefits, which the common paymaster distributes to the employees of all related entities and proper governments for taxes. No income tax is imposed on these amounts, but a general excise tax is imposed, which prevents businesses in Hawaii from undertaking a cost effective method of doing business.

Subsection (b) of this bill addresses the problem by exempting those amounts from the general excise tax.

Your Committee finds that the exemptions provided by this bill will assist the development of business in the State and promote a positive business climate.

Your Committee has made clarifying language changes which have no substantive effect.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 2708, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2708, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1852 Business Development and Pacific Relations on S.B. No. 3062

The purpose of this bill is to exempt commissions earned by securities brokers and dealers doing business in the State and to exempt stock exchanges from the general excise tax.

Your Committee received supporting testimony from the Department of Business and Economic Development, the Chamber of Commerce of Hawaii and the Economic Development Corporation of Honolulu, and finds that exempting stock exchanges will serve to attract securities exchanges to the State. Specifically, this exemption will serve to generate additional revenues for businesses and government, and promote the State as a financial center.

Upon consideration your Committee has amended this bill by deleting the exemption for commissions earned by securities brokers and dealers, and by allowing the exemption for stock exchanges to expire after a one-year period.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 3062, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3062, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Cobb, Mizuguchi and Young.

SCRep. 1853 (Joint) Agriculture, Energy and Ocean Resources and Business Development and Pacific Relations on S.B. No. 2196

The purpose of this bill is to establish a \$1,000,000 revolving loan program to stimulate business development and growth, especially small business and diversified agriculture on the island of Molokai.

Testimonies received from the Department of Business and Economic Development, the county of Maui, Office of Hawaiian Affairs, the Molokai Task Force, commercial and community organizations, and concerned individuals were in favor of the concept of a revolving loan fund. With the cessation of commercial pineapple cultivation, and the recent cattle depopulation, Molokai's economy is severely depressed, and the islands unemployment is the highest in the state. The expansion of diversified agriculture, of the small business community, of artisan, and of cottage type industries is

viewed as having an important role in reviving and developing a healthy economy on Molokai. Many government sponsored small business loans are needed to start up these ventures.

Your Committees find that a government funded revolving loan fund with more liberal qualifying requirements, innovative terms and repayment options, and possible attendant higher risk of default than the present economic development loan programs is necessary to facilitate the growth of small business and the economic revival of Molokai.

Your Committees further find that the establishment of another fund specifically for Molokai will assist the state in creating strategies directed toward community based rural development, cottage industries, and subsistence economics.

Your Committees have made the following amendments to the bill:

- 1) In section 3, subsection (b), paragraph (2), reduced the maximum amount of loan or loans to any one applicant from \$250,000 to \$150,000.
- 2) Amended section 3, subsection (c), to specify the formation and adoption of rules and regulations regarding loan eligibility and security requirements, permitted financial arrangements, and added provisions for grants.
- 3) Added to section 3, a new subsection (e) relating to screening and review of loan applications, business plans, and financial statements.

These amendments were made to conform the bill with the findings of your committees.

Your Committees on Agriculture, Energy and Ocean Resources and Business Development and Pacific Resources are in accord with the intent and purpose of S.B. No. 2196, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2196, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senator Holt.

SCRep. 1854 Business Development and Pacific Relations on S.B. No. 3112

The purpose of this bill is to appropriate funds to promote and develop sporting events in the State.

Your Committee received supporting testimony from the Hawaii International Sports Foundation, and finds that the State should actively pursue major sporting events with a highly professional marketing program.

Your Committee finds further that this bill supports the intent of the Legislature to promote the State as an international center for recreational, spectator, and Olympic sports.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 3112 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. 1855 Business Development and Pacific Relations on S.B. No. 2998

The purpose of this bill is to authorize the issuance of general obligation bonds to acquire land for public facilities in the Kakaako Community Development District.

Presently, there are no state-owned lands for the development of public projects. This bill would use the appropriated funds to land bank property for future public uses.

Your Committee finds that available land should be acquired before the cost of the land becomes too expensive for the development of public projects.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 2998 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. 1856 Corrections on S.B. No. 2808

The purpose of this bill is to broaden the offense of promoting prison contraband to include mere possession.

Currently, actual conveyance of contraband must occur to constitute promotion of prison contraband. This bill brings mere possession of contraband within the purview of the statute.

Your Committee received supporting testimony from the Department of Corrections and the Police Department of the City and County of Honolulu and finds that it is important to prevent the introduction of contraband into prison.

Your Committee has amended the bill by adding a definition of "dangerous instrument"; using the term "unapproved drug" and providing a definition therefor; and making technical changes which have no substantive effect.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 2808, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2808, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 1857 Corrections on S.B. No. 3135

The purpose of this bill is to appropriate funds for implementation of a parole supervision program.

The bill appropriates \$150,541 for the initiation of a two-year intensive parole supervision program by the Hawaii paroling authority.

Your Committee received supporting testimony from the City Prosecutor and the Director of the Department of Corrections. The testimony indicated that Hawaii's criminal justice system is in immediate need of an intermediate stage of parole supervision for some offenders before they become eligible for the regular parole supervision program.

Your Committee finds that the intensive parole supervision program will help successfully reintegrate inmates, that have earned the opportunity for parole, back into society without compromising community safety.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 3135 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. 1858 Corrections on S.B. No. 2540

The purpose of this bill is to transfer the power to grant furloughs for adults and juveniles committed to state correctional facilities from the department of corrections to the courts.

Currently, the director of corrections has sole determination as to which committed persons may be furloughed and if their furloughs can be revoked. This bill would give full power to the family courts to grant furloughs and enforce the terms and conditions of such furloughs for any youth committed to the Hawaii youth correctional facilities. Similarly, full power would be given to the circuit courts over the granting and enforcement of furloughs for adult committed persons.

Your Committee agrees that some court involvement in the furloughing process may be in order but is concerned that the granting of complete control over furloughs to the courts may slow down the furloughing process and cause too much additional work for the courts. Your Committee has, therefore, amended the bill to provide for court involvement on a limited basis. The bill, as amended, will enable the circuit court to determine if adult inmates, who have served less than sixty per cent of their term, will be furloughed but only upon motion for denial by a county prosecutor and only after that prosecutor has filed written objections over the furlough with the department of corrections and is dissatisfied with the department's response to the objections. The bill, as amended, further provides that after the final determination by the court, further jurisdiction over the furloughed committed person will return to the department of corrections. The bill also has deleted all proposed amendments to the granting or denying of furloughs within the Hawaii youth correctional facility system as unnecessary because of (1) no evidence of furlough abuse within the system and (2) the potentially negative impact court review could have on the rehabilitative progress of juvenile offenders.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 2540, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2540, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 1859 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3197

The purpose of this bill is to establish a graduated conveyance tax on transfers of real property interests.

Presently, transfers of realty or any interest therein are subject to a conveyance tax rate of five cents per hundred dollars. Besides establishing a graduated tax rate, this bill also provides that amounts collected in excess of the five cents per one hundred dollars would be deposited into the Rental Assistance Revolving fund or other fund established under Chapter 201E, Hawaii Revised Statutes (HRS), to assist qualified families in making rent payments, or to meet other housing shelter needs.

The Housing Finance and Development Corporation (HFDC) of the Department of Business and Economic Development testified that it is estimated that the proposed increase in conveyance tax rates will generate approximately \$15 million in additional revenues per year. HFDC testimony indicates that this amount will be sufficient to finance rent subsidies necessary to support the projected production of 500 subsidized rental units per year based on a \$175 subsidy per unit per month assumption.

Your Committee, upon consideration, has adopted the recommendations of the Department of Taxation and the HFDC by amending the bill to include a tax rate schedule which was not included in the original bill and rewording the proposed new language for purposes of clarity.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3197, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3197, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Hagino, Holt, Mizuguchi, Yamasaki and Young.

SCRep. 1860 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3193

The purpose of this bill is to amend Chapter 201E, Hawaii Revised Statutes, to create a rental housing revolving fund and make other housekeeping changes to the law which establishes the Housing Finance (HFDC). These changes were enacted by various Acts during the 1987 legislative session, but were enacted as amendments to chapters which were repealed by the Act which established the HFDC. These changes were not codified in the Hawaii Revised Statutes because resolution of the ambiguities in provisions of the Act which established the HFDC would have required actions which exceeded the statutory authority of the revisor of Statutes.

Your Committee finds that the provisions proposed in this bill would return the legal authority of the HFDC to perform the necessary functions of its purpose.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3193 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, Holt, Mizuguchi, Yamasaki and Young.

SCRep. 1861 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3336

The purpose of this bill is to provide a means for the Department of Hawaiian Home Lands (DHHL) to upgrade its inventory of "available lands" which would promote the settlement of native Hawaiians on such lands in a shorter time period than in what appears possible, given the department's current land inventory. The bill: a) requires the DHHL to give priority to requests for exchanges of land better suited for homesteading under the Hawaiian Homes Commission Act, b) specifies the manner with which such exchange can be consummated without cash transfers, and c) appropriates funds for a study by the Legislative Auditor to identify suitable lands for exchange.

Your Committee finds that the Hawaiian Homes Commission Act of 1920 set aside approximately 200,000 acres of "available lands" for homesteading by native Hawaiians. However, the lands set aside for the program from the public land inventory in 1921 were largely of marginal or no agricultural value. For example, many of the available lands on the island of Hawaii are arid lava fields, which cannot be used for agricultural purposes. In contrast, Congress exempted the best agricultural lands from the program and the Territory continued to allow virtually all of those lands to be leased to large sugar companies.

Because of the lack of water sources for irrigation, poor soils, and remote locations, the Hawaiian Home Lands set aside for the program could not be used extensively for widespread homesteading without significant capital improvements. Currently, fewer than 3,000 native Hawaiians have lease awards under the program. In contrast, there are 17,000 native Hawaiians who are on the waiting list today compared to only 8,000 in 1983. The DHHL this session is seeking a total of \$32.5 million to design 662 lots and provide infrastructure for 485 lots. At that rate, the costs to develop other land for effective homesteading would probably exceed \$1 billion. Moreover, the growth in demand for homesteads is rapidly increasing.

Furthermore, neither the state nor the federal governments have seriously committed resources that would allow the kind of infrastructural improvements that would have made the program successful. As a result, many qualified native Hawaiian beneficiaries have been waiting for 30 or more years for leases, with no prospects of immediate lease awards. Since 1985, the department has awarded 2,145 leases to unimproved homestead lands without adequate infrastructural improvements in Makuu, Kalae, and other remote locations. Accordingly, these lessees have been unable to utilize these leases without financial support to build or develop roads, water lines and other improvements to support the marginal agricultural lands they have been awarded.

Your Committee finds that without a positive program which would reduce the costs of developing infrastructure, the prospects for helping native Hawaiians settle on homesteads will be dim.

Upon consideration, your Committee has amended this bill to allow DHHL to offset the value of public lands proposed for exchange against (1) the value of available lands to be exchanged; and (2) the revenue which DHHL would have received from public lands proposed for exchange.

Further amendments require DHHL to consult with the Office of Hawaiian Affairs (OHA) and provide compensation for any loss of revenues OHA would have received from the public trust lands, and adopt regulations pursuant to Chapter 91, which will govern the manner and amount of compensation to OHA.

In addition, the following deadline dates were changed:

- (1) Legislative Auditor is required to submit the results of the study no later than June 30, 1989;
- (2) DHHL shall report the lands for which homesteading cannot be practicably accomplished within ten years to the Legislative Auditor no later than December 31, 1989; and
- (3) DLNR shall report to the Legislature the steps it has taken to act upon requests for land exchanges by DHHL each year, no later than December 31, 1992, until 1995.

Clarifying language changes were also made, 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. 3336, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3336, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Hagino, Holt, Yamasaki and Young.

SCRep. 1862 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2248

The purpose of this bill is to authorize the issuance of general obligation bonds in the sum of \$4,000,000 for the development of a new central Maui water source, provided that the county of Maui provides matching funds of \$4,000,000.

Your Committee heard testimony presented by the Department of Land and Natural Resources (DLNR) indicating that diversified agriculture, industrial, and residential developments in these areas are being slowed down because of the lack of water sources and adequately sized transmission pipelines and reservoirs.

Your Committee has amended this bill on the recommendation of DLNR, to provide the funding on the condition that the appropriation does not replace departmental priorities contained in the Executive Biennium and Supplemental Budget.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2248, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2248, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Solomon, Holt, Mizuguchi and Young.

SCRep. 1863 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2232

The purpose of this bill is to appropriate funds for the planning, design, and construction of the Honolulu watershed project, Mahinahina flood control on the island of Maui.

Currently, diversified agriculture, industrial, and residential developments are inhibited due to the lack of water sources.

This bill will provide for necessary water transmission pipelines and reservoirs, which would produce an influx of water supplies or infrastructures to facilitate water needs.

Your Committee has received supporting testimony from the Department of Land and Natural Resources and finds that this bill supports the intent of the Legislature to stimulate economic growth on the island of Maui.

Your Committee has amended the bill by providing that no funds shall be used for purposes that replace departmental priorities contained in the Executive Biennium and Supplemental Budget.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2232, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2232, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Solomon, Holt, Mizuguchi and Young.

SCRep. 1864 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2988

The purpose of this bill is to appropriate \$1,990,000 to the State Rent Supplement Program.

Under the Program, the Hawaii Housing Authority makes direct payments to owners (or their authorized representatives) of "safe, decent and sanitary" rental units on behalf of qualified tenants.

The average monthly family income of those in the rent supplement program is \$1,277. The eligible family pays a minimum of twenty percent of its adjusted income toward rent, or about \$255. The median gross rent on Oahu is \$413. The difference between the monthly rent and the family's share should be the rent supplement payment. The present maximum supplement amount of \$70 does not accurately reflect the needs of the average recipient. This bill addresses this problem by increasing the \$70 maximum amount to \$200.

Your Committee has amended the bill by:

- (1) Inserting an amendment to Section 359-121, Hawaii Revised Statutes, raising the maximum amount of rent supplements to \$200.00;
- (2) Deleting language in Section 1 of the bill referring to rule changes in the rent supplement program;
- (3) Decreasing the amount appropriated to \$1,400,000;
- (4) Changing the expending agency to the Hawaii Housing Authority; and

- (5) Making language and 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. 2988, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2988, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Solomon and Hagino.

SCRep. 1865 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2974

The purpose of this bill is to appropriate funds to establish a land banking fund for those residents affected by unexpected disasters such as storms, hurricanes, and land movement.

This bill would establish a vehicle by which the State could come in under disaster situations and assist residents by purchasing individual properties with the intent of eventual resale of the properties back to their respective owners to avoid speculation and to assist in the ultimate restoration of the area. Residents who have been devastated by large scale damage caused by disasters and who are faced with high monetary costs of restoring their properties to habitable condition could apply for assistance through this fund.

Your Committee received favorable testimony from Honolulu City Council member Marilyn Bornhorst and interested citizens.

Your Committee has amended the bill by:

- (1) Inserting the amount of \$500,000 to be appropriated for the establishment of the land banking fund;
- (2) Changing the effective date to July 1, 1988; and
- (3) Changing the expending agency from the nonexistent "department of housing" to the housing finance and development corporation.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2974, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2974, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Hagino and Mizuguchi.

SCRep. 1866 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2994

The purpose of this bill is to add a new chapter to the Hawaii Revised Statutes establishing a Hawaiian Language Commission.

This bill defines the purpose, composition, powers in general, and staff of the commission.

Your Committee heard testimony presented by the Office of Hawaiian Affairs, the Superintendent of Education, various Hawaiian language instructors, and others.

Your Committee, upon consideration has amended the bill by:

- (1) Placing the Commission within the Office of Hawaiian Affairs, rather than in the Department of Education;
- (2) Requiring members to be recommended by the Office of Hawaiian Affairs, 'Ahahui 'Olelo Hawai'i, and other interested parties to the Governor for appointment to the Commission;
- (3) Specifying the means and terms of the appointments;
- (4) Adding a new section clarifying the organization of the Commission;
- (5) Clarifying the section relating to staff;
- (6) Adding an appropriation section; and
- (7) Adding a findings section to give background information;
- (8) Appropriating an additional \$45,000 to pay \$50 stipend to 'Aha Punana Leo, Inc. for students of Hawaiian ancestry enrolled in Punana leo Programs;
- (9) Changing the effective date to July 1, 1988 to correspond with the fiscal year; and
- (10) Sequentially renumbering bill sections.

Your Committee finds that the proposed amendments would clarify the duties and responsibilities of the Commission, and would preserve one of the State's official languages.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2994, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2994, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt, Mizuguchi and Young.

SCRep. 1867 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3196

The purpose of this bill is to appropriate \$10,000,000 to be paid into the rental assistance revolving fund.

The interest generated by the revolving fund is used to subsidize the rent paid by low income persons.

Your Committee received testimony from the Director of the Executive Office on Aging to the effect that the elderly population makes up a substantial segment of the population in the State and encounters shortages of affordable adequate housing.

Your Committee finds that the interest earned pursuant to this bill would make available the means for additional rent subsidies for those who qualify presently as well as provide assistance for low income elderly in the near future.

Your Committee has amended the bill by making nonsubstantive changes for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3196, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3196, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Solomon and Hagino.

SCRep. 1868 Housing, Hawaiian Programs and Natural Resources on S.B. No. 553

The purpose of this bill is to allow associations of apartment owners, whether incorporated or not, to hold title to real property situated under their condominium for the purpose of transferring fee title of such real property to apartment owners.

This bill would serve to facilitate both voluntary and mandatory lease to fee conversions of condominiums, and eliminate any doubts by lending institutions of the power and ability of condominium associations to effect such transactions. The bill would also reduce the need for assistance from third parties to purchase the leased fee interests of non-participating homeowners.

Your Committee has amended the bill by deleting section 2 of the bill on section 514A-82, Hawaii Revised Statutes, "Contents of bylaws"; by redrafting section 1 of the bill to more specifically provide association of apartment owners with the authority to accomplish the purposes of the bill; and by adding a purpose section.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 553, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 553, S.D. 1, and be referred to the Committee on Consumer Protection and Commerce.

Signed by all members of the Committee except Senators Solomon, Mizuguchi and Young.

SCRep. 1869 Military and Civil Defense on S.B. No. 2738

The purpose of this bill is to emphasize planning coordination among government agencies and increase federal involvement in the planning process of the Hawaii State Plan.

Your Committee finds that the military and other Federal agencies assume a very significant role in the economic, physical and social well-being of the State of Hawaii. This bill serves to reinforce the coordination and implementation objectives and policies contemplated in Section 226-9, Hawaii Revised Statutes, relating to federal expenditures in Hawaii.

This bill also establishes a formal role for the Federal government on the policy council of the Hawaii State Planning Act, by adding, as nonvoting ex officio members, a designated representative of the Federal executive board and the commander-in-chief of the Pacific or a designated person from the U.S. Department of Defense.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 2738 and recommends that it pass Second Reading and be referred to the Committee on Planning and Environment.

Signed by all members of the Committee.

SCRep. 1870 (Joint) Military and Civil Defense and Education on S.B. No. 3053

The purpose of this bill is to appropriate funds for preparation of official information packets of educational programs and services.

Military families relocating to Hawaii on military assignment are normally greeted upon their arrival by the military; however, families with school age children may have concerns about their children's new environment which may not be addressed at this critical time.

The intent of this bill is to have the Department of Education prepare official packets of educational programs and services for the military greeters at the airport to provide to these families on behalf of the State.

Your Committees received testimony from the Superintendent of Education in support of this bill.

Your Committees on Military and Civil Defense and Education are in accord with the intent and purpose of S.B. No. 3053 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committees.

SCRep. 1871 (Joint) Military and Civil Defense and Education on S.B. No. 2692

The purpose of this bill is to appropriate funds for military education coordinators. The Department of Education is designated as the expending agency.

This bill appropriates funds for three military education coordinator positions to be located one each in the Central, Leeward, and Windward school districts respectively. These coordinators shall conduct orientation sessions for military families with children in public schools and shall function as their advocate in resolving problems which these families and their children may encounter in the schools.

Your Committees received testimony from the Superintendent of Education, the Education Officer of the Commander in Chief, U.S. Pacific Command, and the Chairman of the Education Task Force of the Chamber of Commerce of Hawaii in support of the bill.

Your Committees on Military and Civil Defense and Education are in accord with the intent and purpose of S.B. No. 2692 and recommend that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committees.

SCRep. 1872 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3228

The purpose of this bill is to provide for the forfeiture of illegally taken protected natural resources.

Your Committee received testimony from the Chairperson of the Board of Land and Natural Resources that a person can be arrested, tried and convicted of violating the State's conservation law yet have the court return unlawfully taken resources to the violator for lack of a statutory forfeiture provision.

Your Committee finds that this bill will benefit the State's conservation efforts, since in many instances, illegally taken natural resources can be returned, without damage, to its original location.

Your Committee has amended the bill by making nonsubstantive changes for the purpose of conformance with recommended drafting style.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3228, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3228, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Solomon and Hagino.

SCRep. 1873 Military and Civil Defense on S.B. No. 2735

The purpose of this bill is to appropriate funds to establish a hazard mitigation inspection program within the Department of Defense.

Hazard mitigation is a complex procedure that involves engineering, technological and legal actions to correct potential hazardous conditions. The establishment of a hazard mitigation inspection program would provide a means of identifying potential hazardous areas and conditions, and would initiate the development of a statewide hazard mitigation plan.

Your Committee received favorable testimony from the Department of Defense, and finds that this bill seeks to address a very important public safety objective.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 2735 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. 1874 (Joint) Military and Civil Defense and Transportation on S.B. No. 3392

The purpose of this bill is to streamline the administration of the Hawaii Wing, Civil Air Patrol.

This bill reassigns the grant administration responsibilities from the Department of Transportation to the Department of Defense; establishes annual grant appropriations; defines the parameters of grant expenditures; defines the mission of the Civil Air Patrol; and provides Department of Transportation and Department of Defense controlled facilities for Civil Air Patrol use.

Your Committees find that the State is experiencing an increase in the migration of residents to, and an increase in the number of tourists in low-lying areas or coastal zones. This fact, coupled with the increase in air travel, provides ample evidence for the justification of aeronautical support programs such as the Hawaii Wing, Civil Air Patrol.

The operation of the Hawaii Wing, Civil Air Patrol has provided the State of Hawaii during the last thirty-seven years with aeronautical search and rescue operational support and training as required by the U.S. Coast Guard Joint Rescue Coordination Center; aerial tsunami warning operational support and training as required by Civil Defense agencies; general aviation safety and water survival training in coordination with the Federal Aviation Administration; and various other programs too numerous to mention.

Your Committees find that the Departments of Defense and Transportation and the Hawaii Wing, Civil Air Patrol will make every effort to consult and cooperate with each other, to assure coordination in providing the aviation community and the population in general, with the best possible aeronautical development activities and aeronautical emergency services capabilities.

In view of the severe budget cuts suffered by both the U.S. Coast Guard and the military services, it is in the best interest of the State of Hawaii, that the Hawaii Wing, Civil Air Patrol be fully supported and assisted.

Your Committees have amended the bill to further clarify the intent by:

- 1) Authorizing the Hawaii Wing, Civil Air Patrol, not the Department of Defense, to comply with Chapter 42 of the Hawaii Revised Statutes (HRS);
- 2) Adding a new section to the bill transferring the functions and authority of the Hawaii Wing, Civil Air Patrol to the Department of Defense;
- 3) Appropriating funds for fiscal year 1988-1989 to the Hawaii Wing, Civil Air Patrol for various expenditures, to be expended by the Department of Defense; and
- 4) Setting the effective date upon approval, provided Section 3 of the bill take effect on July 1, 1988.

Your Committees on Military and Civil Defense and Transportation are in accord with the intent and purpose of S.B. No. 3392, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3392, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senators Holt and Menor.

SCRep. 1875 Military and Civil Defense on S.B. No. 3388

The purpose of this bill add a new section to Chapter 244D, Hawaii Revised Statutes, relating to wholesale liquor tax revenue.

Your Committee finds that recent Congressional action requiring the military to purchase liquor from local wholesalers, and paying state excise tax therefor, rather than directly from the mainland distributor on a tax free basis, has placed a new tax burden on Hawaii's military establishment that results in loss of revenues that previously had been available for the military's valuable morale, welfare, and recreation funds.

This bill will provide a mechanism by which the revenues lost to the local military through wholesale liquor taxation may be restored for the benefit of their morale, welfare, and recreation funds.

Your Committee has amended the bill by including the Marines and by changing the effective date from July 1, 1988 to July 1, 1989.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 3388, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3388, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1876 Military and Civil Defense on S.B. No. 3202

The purpose of this bill is to establish an Office of Veterans Affairs within the State Department of Defense.

There are approximately 102,000 veterans statewide, who may in some way be eligible for benefits and services provided by the State. These benefits and services are scattered throughout five or six State departments. Under current laws, the Department of Human Services acts as a clearinghouse and coordinating body for activities, services, and information relating to veterans.

Your Committee received testimony from the Department of Defense stating that the overall problem with the existing statutes, is the lack of a central focus and direction to address and resolve issues confronting the State's veterans. This bill addresses the important need to streamline and bring into clearer focus the issues, benefits, and services related and available to veterans.

Your Committee also received testimony from the Department of Human Services, the Department of Labor and Industrial Relations, the Executive Office on Aging, the Governor's Administrative Assistant on Veteran Affairs, and the Disabled American Veterans in support of this bill.

Your Committee has amended the bill to include the overall administration of the State Veterans Cemetery on Oahu as a principal function of the Director. Your Committee has also included language to exempt the coordinator and executive secretary to the Director from Chapters 76, 77, and 89, HRS.

Lastly, your Committee has included an appropriation section providing the sum of \$184,000 to establish the Office of Veterans Services, to be expended by the Department of Defense.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 3202, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3202, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 1877 Military and Civil Defense on S.B. No. 2617

The purpose of this bill is to establish a new category of specialty license plates for veterans who are one hundred percent disabled.

This bill requires the Director of Finance to issue one set of special license plates for either a passenger car or a truck not over 6,500 pounds owned by a one hundred percent disabled veteran after December 31, 1989, at no charge; requires plates to be the same color as regular license plates but designed to indicate that the owner of the vehicle is a one hundred percent disabled veteran; requires the applicant to submit a letter or other appropriate documents from the United States Veterans Administration or Department of Defense to confirm the person's disability; and prohibits transfer of registration certificates and license plates to any other person except any registered co-owner of the vehicle.

Your Committee received testimony from the Director of Finance in support of the intent of this bill, but addressed certain concerns to specific sections of the bill.

Your Committee, upon consideration, has adopted the recommendations of the Director of Finance, and has amended the bill as follows:

- 1) Restricts the issuance of specialty license plates to only personal and noncommercial motor vehicles registered to a one hundred per cent disabled veteran;
- 2) Requires the words "Disabled Veteran" to appear on the left side of the license plate, in a similar manner to the Congressional and Honorary Consul license plates;
- 3) Clarifies that the cost of the specialty license plates is the same as the cost of regular issued license plates;
- 4) Requires the qualified veteran to surrender the special license plates to the Director of Finance prior to the transfer of ownership of the veterans motor vehicle; and
- 5) Allows the survivor of a qualified veteran to retain the front special license plate as a memoriam.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 2617, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2617, S.D. 1, and be referred to the Committee on Transportation.

Signed by all members of the Committee.

SCRep. 1878 Military and Civil Defense on S.B. No. 2889

The purpose of this bill is to appropriate funds to the Veterans Advisory Committee, County of Hawaii.

This bill appropriates \$16,000 for a grant-in-aid to the Veterans Advisory Committee, County of Hawaii, provided that \$6,000 is used for the purchase of a portable canopy and indoor/outdoor carpet, and \$10,000 is used for the cost of operations.

One of the major services provided by the Veterans Advisory Committee is veteran burials. The proposed appropriation would purchase equipment and services necessary to provide appropriate burial ceremonies for the deceased veterans of the County of Hawaii.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 2889 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. 1879 Military and Civil Defense on S.B. No. 3401

The purpose of this bill is to establish a Commission to develop a land exchange plan between the military and the State of Hawaii.

Your Committee finds that the two largest land holders in the State of Hawaii are the military and the State government. Your committee further finds that there may be several parcels of land which, through good faith negotiation, would be appropriate subjects for exchange between the State of Hawaii and the United States Department of Defense.

This bill establishes a Commission to:

- 1) Study and identify State and military lands which are suitable or potentially suitable for exchange;
- 2) Develop a plan or plans by which such exchanges may be effected to the mutual benefit of both the State and the military in Hawaii; and
- 3) Make recommendations to the Legislature, the United States Department of Defense, and Congress regarding which Hawaiian lands, if any, are suitable for exchange.

The Commission shall consist of the Chairperson of the Senate Committee on Military and Civil Defense, the Chairperson of the House Committee on Intergovernmental Relations, the Governor or the Governor's representative, and the Commander-In-Chief of the Pacific (CINCPAC). The Commission shall solicit information, study and review previous land dispositions, and submit reports on the findings and recommendations to the Legislature, Congress and the United States Department of Defense.

Your Committee has amended the bill to:

- (1) Allow the Commander-In-Chief of the military in Hawaii to designate a representative to sit on the Commission on the commander's behalf; and
- (2) Place the Commission in the Department of Land and Natural Resources for administrative purposes.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 3401, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3401, S.D. 1, and be referred to the Committee on Housing, Hawaiian Programs and Natural Resources.

Signed by all members of the Committee.

SCRep. 1880 Agriculture, Energy and Ocean Resources on S.B. No. 3182

The purpose of this bill is to establish a comprehensive permit system relating to geothermal and cable system development.

This bill was submitted by the Administration upon the recommendation of the Governor's Advisory Board on the Underwater Cable Transmission Project concerning new legislation relating to the development and use of geothermal energy.

One of the major and fundamental impediments to the development of the geothermal resources on the island of Hawaii and the concurrent development of the cable system project that would move the generated electrical energy to the island of Oahu is the diverse array of Federal, State and County land use, planning, environmental and other related laws and regulations. This bill seeks to facilitate that permit process and thereby make the development of one of Hawaii's most significant energy sources more attractive to private developers.

Your Committee heard testimony from Hawaiian Electric Company, the Department of Business and Economic Development, the Mayor of the County of Hawaii, the Sierra Club, the Chamber of Commerce of Hawaii, the Sierra Club representatives of the University of Hawaii, and True Geothermal Energy Company.

Your Committee has amended this bill by including reference to the island of Maui on line 6, page 3 and deleting sections -10(a)(2) and -10(a)(3) on page 22 which would transfer a county's responsibilities for zoning, shoreline setback approvals, and special management area permits.

Your Committee has further amended the bill by setting the amount to be appropriated at \$275,000, designating the Department of Land and Natural Resources as the expending agency, and 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 S.B. No. 3182, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3182, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt, Mizuguchi and Young.

SCRep. 1881 Agriculture, Energy and Ocean Resources on S.B. No. 3045

The purpose of this bill is to establish a sugar loan revolving fund for loans to sugar growers and processors. This bill also appropriates \$5,000,000 to the sugar loan revolving fund for fiscal year 1988-1989.

Testimony received from the Department of Agriculture, the Hawaii Sugar Planter's Association, Hamakua Sugar Company, and the ILWU Local 142 indicate the need to assist sugar growers and processors in overcoming their

economic difficulties. Due primarily to unfavorable national and international sugar politics and policies, the Hawaiian sugar industry has suffered economic hardships for the last several years. The industry has made great efforts in reducing costs and increasing efficiencies during these years of hardship. Hawaii leads the world in sugar yield per acre and sugar produced per employee.

The Hawaiian sugar industry plays an important role in the local economy. The closing of many of the local sugar mills has devastated communities surrounding the plantations, and has increased county unemployment and social welfare costs dramatically.

The Hamakua Sugar Company on the Island of Hawaii, a family owned sugar plantation is a potential beneficiary of the legislation proposed in this bill. Adverse weather in 1987 has created a short-term cash flow problem that cannot be covered using conventional means. Hamakua Sugar Company is the largest single private employer on the Island of Hawaii and provides a portion of the island's electricity. It is the largest sugar producer on the island and shares the cost of sugar terminals, wharfs, and infrastructure with other big island plantations.

If Hamakua Sugar Company is not able to secure alternate short-term financing, it may be forced by its creditors to close. Should this happen, not only would the Hamakua community suffer, but it could lead to a domino effect and bring about the eventual closure of the other plantations on the island, resulting in severe social and economic hardship for the County of Hawaii and the entire State.

The intermediate and long term financial view of Hamakua Sugar company is excellent. Productivity improvements will make Hamakua a low cost producer, capable of competing in national and international markets.

Your Committee finds that a special sugar revolving fund program is needed to preserve and strengthen the economy of the State.

Your Committee further finds that in the case of liquidating sugarcane operations, the crop revenues received generally far exceed operational costs, due to avoided crop start-up and growing costs. Should a sugar grower who has been loaned money under the provisions of this bill be forced to close, these extraordinary revenues should more than adequately cover the repayment of such loans.

Your Committee, upon consideration, has amended the bill to:

- 1) Add a purpose section;
- 2) Amend the purpose of this bill to provide sugar loans to assist family sugar farmers who have short-term cash flow problems;
- 3) Include a definition of "family sugar grower";
- 4) Allow the Department of Agriculture to borrow moneys to secure funds to loan family sugar growers;
- 5) Add a new section which sets the terms for interest on loans and allows the Department of Agriculture to require collateral;
- 6) Add a new section which allows loans to be insured by the Department of Agriculture;
- 7) Increase the amount appropriated from \$5,000,000 to \$10,000,000; and
- 8) Amend the effective date to allow Part II of Chapter 155 to be effective upon approval, and that the sum appropriated shall be effective July 1, 1988.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 3045, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3045, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt, Mizuguchi and Young.

SCRep. 1882 Agriculture, Energy and Ocean Resources on S.B. No. 3095

The purpose of this bill is to authorize the issuance of special purpose revenue bonds for manufacturing agricultural products.

Your Committee has amended this short form bill to authorize the issuance of special purpose revenue bonds in an amount not to exceed \$8,000,000 to assist Hawaiian Sun Products, Inc. in constructing and equipping a plant for manufacturing products from fruits and nuts.

Your Committee finds and determines that the construction and equipping of a plant for manufacturing of products from fruits and nuts constitutes a "project" as defined in Part III of Chapter 39A, HRS, and the financing thereof is assistance to a manufacturing enterprise.

Your Committee further finds that the issuance of special purpose revenue bonds under this bill is in the public interest and for the public health, safety and general welfare of the State of Hawaii.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 3095, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 3095, S.D. 1 and be referred to the Committee on Ways and Means for further consideration.

Signed by all members of the Committee except Senators Holt, Mizuguchi and Young.

SCRep. 1883 Agriculture, Energy and Ocean Resources on S.B. No. 2890

The purpose of this bill is to repeal Chapter 157, Hawaii Revised Statutes (HRS), relating to the Milk Control Act.

The Milk Control Act was first enacted in 1967 to provide the dairy producers protection and equity in the production, processing, and payment of milk. At that time, the dairy industry was in chaos and there was much bitterness among the producers as well as between the producers and processors.

The industry has changed and matured over time, and relative calm and stability has replaced the chaotic conditions that existed prior to enactment of the Milk Control Act.

Your Committee, upon consideration of the bill attempted to address the following concerns:

- 1) Alleviate milk shortage;
- 2) Allow excess of a milk allotment on an island to go to other islands after initial needs are met;
- 3) Make milk audit a competitive commodity even if it is somewhat protected; and
- 4) Lower the cost of milk to make it accessible to as many people as possible.

Your Committee has therefore made the following amendments, taking into consideration the recommendations of the Hawaii Milk Marketing Cooperative.

- 1) Deleted the proposed repeal of Chapter 157, HRS;
- 2) Added a definition of "shortage" to Section 157-1, HRS;
- 3) Added a provision to Section 157-15, HRS, to require an independent monthly audit with Federal specifications;
- 4) Added a provision to Section 157-23, HRS, to fund the audit; and
- 5) Added a new section to Chapter 157 which would require, in the event of a shortage, that all milk produced within the milk shed first be used to serve the needs of the consumers within the milk shed.

The purpose of these amendments was to strengthen rather than repeal the Milk Control Act, as repeal of the Act may cause the industry to revert back to the conditions that existed prior to 1967.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2890, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2890, S.D. 1, and be referred to the Committee on Way and Means.

Signed by all members of the Committee except Senators Holt, Mizuguchi and Young.

SCRep. 1884 (Joint) Agriculture, Energy and Ocean Resources and Planning and Environment on S.B. No. 2507

The purpose of this bill is to appropriate \$36,000,000 for fiscal years 1987-1988 and 1988-1989, for a grant-in-aid to the City and County of Honolulu for the Honolulu program of waste energy recovery project, or H-POWER project.

In its operational guidance on control technology for new and modified Municipal Waste Combustors (MWCs), the United States Environmental Protection Agency Office of Air Quality and Standards states that recent emission test data have demonstrated that particulate matter (PM), sulfur dioxide, and other air pollutants (including organics, heavy metals, and acid gases) can be controlled effectively by acid gas scrubbing devices (dry scrubbers) equipped with efficient particulate collectors. Over 20 MWC facilities in Europe are known to be operating with dry scrubbers and particulate collectors, and at least 37 such facilities are known to exist in Japan. In the United States, three facilities currently are in operation and at least 15 have been permitted to construct with dry scrubbing and particulate control devices as the specified technology. Thirteen of these facilities are expected to be operating by December 1988.

Based on this information, it is clear that a dry scrubber followed by either a fabric filter or electrostatic precipitator are "available" technologies for effective control of the sulfur dioxide and PM emitted by MWCs, and that these technologies also are effective in controlling emissions of potentially toxic organic and heavy metal pollutants, and acid gases other than sulfur dioxide. In addition, the data show that these technologies are reliable and reasonably affordable. Similarly, combustion controls are an available technology for the control of carbon monoxide (CO) emitted by MWCs, and are effective in controlling that criteria pollutant and potentially toxic organic pollutants. EPA's information indicates that this technology also is reliable and reasonably affordable.

The City and County of Honolulu issued \$195 million to finance the construction of the H-POWER facility and obtained all required permits except an air quality permit. Appeals to the permit and additional air pollution control equipment

purchases raised the construction costs and subsequent project delays have increased the amount of funding needed to complete the facility by an estimated \$108.8 million.

Testimony to support the bill was received from the City and County of Honolulu, however, your Committees feel that there was no information or documentation submitted to help clarify cost factors, cost items, and expenditure time frames for the funds.

Your Committees have amended the bill by changing the amount appropriated from \$36,000,000 to \$11,000,000, and by designating that \$1,000,000 of the appropriated amount must be used for the implementation of the solid waste reuse and recycle plan, City and County of Honolulu.

Your Committees have further amended the bill by deleting the date from which any unencumbered funds appropriated by this bill would lapse into the general fund, and by making nonsubstantive changes for the purpose of clarity and conformance with recommended drafting style.

Your Committees on Agriculture, Energy and Ocean Resources and Planning and Environment are in accord with the intent and purpose of S.B. No. 2507, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2507, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senators Holt, Mizuguchi, Young, Nakasato and Solomon.

SCRep. 1885 Agriculture, Energy and Ocean Resources on S.B. No. 2360

The purpose of this bill is to appropriate funds for the planning, design and construction of a Center for Applied Aquaculture at the Oceanic Institute.

The proposed Center for Applied Aquaculture would provide the nation with its first facility directed to marine aquaculture industry development. In addition to applied research, the Center would address the needs identified in the USDA-feasibility study and the 1984 National Aquaculture Development Plan. Thus, services provided to industry would include pilot-scale demonstration, transfer of novel technologies, guidelines for design of support hatcheries, business management training, consulting services, and trouble-shooting workshops for commercial operators.

This bill appropriates \$1,000,000, provided that a memorandum of understanding for cooperation shall be signed by the University of Hawaii, the Chairperson of the Board of Land and Natural Resources, and the Chairperson of the Oceanic Institute before any funds are expended.

Your Committee received favorable testimony from the Department of Land and Natural Resources, the University of Hawaii, the Oceanic Institute, and Graydon A. Keala, aquaculturist, and notes that the testimony received stressed the need for the memorandum of understanding.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 2360 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. 1886 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3195

The purpose of this bill is to establish a housing development fund to develop affordable housing programs.

The bill creates and defines the uses of a "Homes revolving fund", to be administered by the Housing Finance and Development Corporation, to aid in the pursuit of home ownership for low and moderate income residents.

Your Committee finds the bill a sound investment for the State to develop socio-economically integrated communities that would improve the quality of life for residents that participate in the programs established pursuant to this Chapter.

Your Committee made technical nonsubstantive changes to conform the bill to recommended legislative drafting format.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3195, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3195, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1887 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3366

The purpose of this bill is to determine adequate compensation for the use of Hawaiian Home Trust Lands by public agencies.

Your Committee finds that government agencies have been utilizing Hawaiian Home Trust Land for purposes other than for the specific benefit of native Hawaiians, as defined by the Admission Act. Although some improper uses have been corrected, many agencies have not adequately compensated the Department of Hawaiian Home Lands (DHHL) for past or current uses of these lands. This failure to compensate is a breach of the Hawaiian Home Lands Trust, for which the State, at the time of its admission into the United States, became the trustee.

This bill requires state and county agencies to compensate the DHHL for the current use of any trust lands at a fair market lease rate. In addition this bill directs the legislative auditor to identify trust lands previously used by government agencies for little or no compensation, to assess the value of prior use of these lands, and to report its findings to the 1990 Legislature.

Your Committee has amended the bill by changing:

- (1) Section 2 of the proposed new chapter to:
 - (a) Entitle the section "Reports" instead of "Current Compensation";
 - (b) Designate the Legislative Auditor to receive a report from directors regarding compensation;
 - (c) Require directors to provide "supporting documentation";
 - (d) Require information concerning the amount the agency has previously paid to DHHL, and move the requirement requesting the amount paid for use of lands under existing lease agreements to the next section;
 - (e) Require information concerning the amounts budgeted by directors in the current and following biennium;
 - (f) Move the requirement requesting the fair market lease rent for affected lands to the next section; and
 - (g) Move the requirement requesting the difference between the amount paid pursuant to existing lease agreements and fair market lease rent if any, to the next section.
- (2) Section 3 of the proposed new chapter to:
 - (a) Require the Legislative Auditor to wait until December 31, 1989 before reporting to the agencies; and
 - (b) Require the directors to provide corroborative information as necessary.
- (3) Various sections of the bill which are technical in nature and 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. 3366, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3366, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1888 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3188

The purpose of this bill is to correct and conform the language of various sections to existing law.

Act 337, Session Laws of Hawaii 1987, which created the Housing Finance and Development Corporation, consolidated certain provisions of Chapter 359G, Hawaii Revised Statutes (HRS) and recodified them as Chapter 201E, HRS. However, certain sections of Chapter 201E still make reference to the repealed chapter rather than the new Part (Part III of Chapter 201E); limits the Housing Finance and Development Corporation (HFDC) to elderly housing projects, and does not allow HFDC to develop its own project.

Your Committee amended the bill by making technical nonsubstantive changes to conform the bill to recommended legislative drafting format.

This bill would correct those outdated references, as well as clarify that the housing projects are not limited to elderly housing, and allow HFDC the option to develop its own projects.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3188, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3188, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Hagino.

SCRep. 1889 Agriculture, Energy and Ocean Resources on S.B. No. 3107

The purpose of this bill is to amend Section 155-15, Hawaii Revised Statutes, by authorizing the Department of Agriculture (DOA) to assist independent sugar growers with direct loans for crop production expenses.

The bill also would enable the Department to lower from five percent to one percent the terms of outstanding loans made to the United Cane Planters Cooperative out of funds deposited with the Farm Loan Revolving Fund pursuant to Act 183, Session Laws of Hawaii 1972.

Your Committee received supporting testimony from the Dean of the College of Tropical Agriculture and Human Resources and the Independent Cane Growers which indicated that the sugar industry is critical to the Hamakua and Hilo coast's economic survival, and to Hawaii's economy in general.

Your Committee further finds that recent adverse weather factors have left the independent growers with large economic deficits. Commercial loans have been difficult to obtain due to the low risk category associated with farming.

Your Committee finds that direct loans to assist independent sugar growers to cover crop production expenses is crucial in this time of insufficient national protection of imported sugar.

Your Committee has amended the bill by placing the authority for the DOA to lower the interest terms of the loans made to the United Cane Planters Cooperative in a Session Law, and by making other technical changes which have no substantive effect but which conform this bill to recommended drafting style.

Your Committee is in accord with the intent and purpose of S.B. No. 3107, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3107, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Holt, Mizuguchi and Young.

SCRep. 1890 Business Development and Pacific Relations on S.B. No. 1521

The purpose of this bill is to amend the laws of Hawaii relating to business initiatives.

Your Committee has amended this short form bill by inserting material which approves the planning and construction of an irradiation facility, as contemplated in Act 216, Session Laws of Hawaii 1987.

As amended, the bill provides that of the general bond fund appropriation of \$1,000,000 to commerce and industry (PED 102), the expenditure of funds for construction of the facility is approved, provided that if the private sector is involved in subsequent operation of the facility, the following conditions shall apply:

- (1) All public funds expended for the construction or subsequent operation of the facility shall be repaid to the State by the private contractor;
- (2) The rate charged by the private company for irradiation services shall be no less than the prevailing rate for treatment of papayas or other produce by vapor heat treatment;
- (3) From any profits realized from the operation of the facility, a percentage shall be paid to the State to fund research and development of non-irradiation treatment methods; and
- (4) Materials used in the construction and operation of the irradiation facility shall be manufactured in the United States.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 1521, as amended herein, and recommends it pass First Reading in the form attached hereto as S.B. No. 1521, 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.

SCRep. 1891 Business Development and Pacific Relations on S.B. No. 3063

The purpose of this bill is to expand on and clarify the laws regarding the Aloha Tower Development Corporation.

Your Committee finds that this bill supports the intent of the Legislature to redevelop, renovate, and improve the Aloha Tower complex to better serve the economic, maritime, and recreational needs of the people of Hawaii.

Your Committee has amended the bill to clarify the boundaries of the Aloha Tower Complex.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 3063, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3063, S.D. 1, and be recommitted to your Committee on Business Development and Pacific Relations for further consideration.

Signed by all members of the Committee except Senators Cobb, B. Kobayashi, Menor, Mizuguchi and J. Wong.

SCRep. 1892 Military and Civil Defense on S.R. No. 20

The purpose of this Resolution is to express opposition to the closing of the Coast Guard Station at Nawiliwili, Kauai.

The Coast Guard Station at Nawiliwili has been servicing the people of Kauai for over twenty years. They have responded to numerous calls for assistance, saved many boats in distress, and even rescued people who were lost at sea.

The United States Congress has reduced the operational budget of the U.S. Coast Guard in Hawaii by \$800,000. Due to this reduction, the Coast Guard announced their decision to close down the station at Nawiliwili on February 27, 1988 as a cost-saving measure.

The Coast Guard provides a service to the people of Hawaii which sometimes can mean the difference between life and death. Your Committee believes this service should not be overlooked for cost-saving measures.

Your Committee has amended the title of the Resolution to correct the spelling of Nawiliwili and has amended the Resolution by stating more accurately that the amount to be saved by closing the Coast Guard Station at Nawiliwili will be \$272,000 and including paragraphs to substantiate the need to keep the Nawiliwili Coast Guard Station open.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.R. No. 20, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 20, S.D. 1.

Signed by all members of the Committee.

SCRep. 1893 Military and Civil Defense on S.C.R. No. 16

The purpose of this Concurrent Resolution is to express opposition to the closing of the Coast Guard Station at Nawiliwili, Kauai.

The Coast Guard Station at Nawiliwili has been servicing the people of Kauai for over twenty years. They have responded to numerous calls for assistance, saved many boats in distress, and even rescued people who were lost at sea.

The United States Congress has reduced the operational budget of the U.S. Coast Guard in Hawaii by \$800,000. Due to this reduction, the Coast Guard announced their decision to close down the station at Nawiliwili on February 27, 1988 as a cost-saving measure.

The Coast Guard provides a service to the people of Hawaii which sometimes can mean the difference between life and death. Your Committee believes this service should not be overlooked for cost-saving measures.

Your Committee has amended the Concurrent Resolution by stating more accurately that the amount to be saved by closing the Coast Guard Station at Nawiliwili will be \$272,000 and including paragraphs to substantiate the need to keep the Nawiliwili Coast Guard Station open.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.C.R. No. 16, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 16, S.D. 1.

Signed by all members of the Committee.

SCRep. 1894 Labor and Employment on S.B. No. 3164

The purpose of this bill is to allow public employers and the exclusive representatives of each collective bargaining unit to agree to different contract expiration dates.

Under present law, all of the exclusive representatives and the public employers must agree jointly on a uniform expiration date for all collective bargaining agreements. This bill allows the employer and the exclusive bargaining representative for each bargaining unit to agree on different expiration dates as long as the expiration date is June 30th of an odd-numbered year. This will allow the employer and each exclusive bargaining representative to consider the individual needs, goals, and objectives of each bargaining unit which may result in shorter term agreements for those bargaining units with short-term concerns and longer term agreements for those bargaining units with long-term concerns.

Your Committee received supporting testimony from the Office of Collective Bargaining, the Government Employees Association, the University of Hawaii Professional Assembly, the State Teachers Association, and the Superintendent of Education, and finds that the added flexibility provided by this bill should enhance the collective bargaining process since the parties will be able to better address the individual concerns of each bargaining unit.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 3164 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1895 Labor and Employment on S.B. No. 2823

The purpose of this bill is to increase penalties in the workers' compensation law to deter violations of the law.

Under present law, relatively minor monetary penalties are provided for non-compliance with the workers' compensation law. This bill will increase the respective penalties.

Your Committee received supporting testimony from the Department of Labor and Industrial Relations and ILWU Local 142, and finds penalty amounts need to be increased to assist efforts to enforce the workers' compensation law.

Your Committee has amended the bill by inserting amendments to section 386-96, Hawaii Revised Statutes, which increases penalties relating to reports of physicians, surgeons, and hospitals. The bill has been further amended by making technical changes which have no substantive effect, and by making other nonsubstantive changes for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 2823, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2823, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1896 Consumer Protection and Commerce on S.B. No. 3234

The purpose of this short form bill is to amend the Hawaii Revised Statutes relating to corporations.

Your Committee has amended the bill by inserting an amendment to Section 415-79, Hawaii Revised Statutes, providing a definition of the phrase "all or substantially all the property and assets" of a corporation.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3234, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 3234, 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 Tungpalan.

SCRep. 1897 Corrections on S.B. No. 2980

The purpose of this bill is to require a committed person to participate in an academic, vocational education, or prison industry program authorized by the department of corrections as a precondition to qualifying for furlough or parole.

Currently, participation in academic, vocational education, and prison industry programs is on a voluntary basis and there is still a large number of committed persons who do not participate in meaningful activities which help to prepare them for reintegration in the community upon their eventual release from the correctional facility. This bill would provide an incentive to participate in academic, vocational education, and prison industry programs by restricting furloughs and parole to only those who participate in such programs.

Testimony from the department of corrections indicated that the bill, as proposed, contained provisions that may be too restrictive to effectively implement the proposed precondition for furloughs and parole. Current educational and training programs are already an integral part of the department of corrections' furloughing program and this new precondition would impose undue restrictions on furloughs. Furthermore, there are many committed persons who are not suited to participation in an academic, vocational education, or prison industry program because of a physical or mental handicap or condition, or because they are incarcerated for only a short period of time. Finally, under the proposed bill, if a facility, such as the women's correctional facility, does not have programs or facilities to provide educational and training programs, persons committed to such facilities would never have the opportunity for furlough or parole.

In view of the concerns raised by the department of corrections, your Committee has amended the bill as follows:

- (1) Section 1 of the bill which imposes an educational or training program participation condition on furloughs was deleted.
- (2) A provision was added to authorize the department of corrections to determine which committed persons are suitable for participation in an academic, vocational education, or prison industry program.
- (3) A provision was added to require that the committed person, in addition to being a participant, must also have been involved or have completed the program to the satisfaction of the department.
- (4) A provision was added to exempt committed persons from the educational or training program precondition if the committed person resides in a correctional facility where such programs or facilities are not available.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 2980, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2980, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1898 Planning and Environment on S.B. No. 3205

The purpose of this bill is to authorize the Department of Health (DOH) to administer and enforce a State hazardous waste program.

This bill would establish a State program to regulate the generation, transportation, treatment, storage, and disposal of hazardous wastes pursuant to the Resource Conservation and Recovery Act of 1976, as amended (RCRA).

The State of Hawaii presently administers its Hazardous Waste Program under the direction and guidance of the U.S. Environmental Protection Agency (EPA) pursuant to a cooperative agreement established under section 3011 of RCRA. According to testimony provided by Unitek, which is the state's only EPA-authorized commercial off-site hazardous waste treatment, storage, and disposal facility, being located 2,500 miles away from the primary regulatory agency, Region IX in San Francisco, creates difficulties in communications and frequently precludes important issues for the State's hazardous waste generators from being resolved expeditiously.

In order for the State to have jurisdiction over its program, it must receive approval from the EPA by developing statutory, regulatory and program performance capabilities which are at least as stringent as the EPA program. States that are authorized to operate RCRA hazardous waste programs oversee the hazardous waste tracking system in their state, operate the permitting system for hazardous waste facilities in their state, and act as the enforcement authority in cases where a violation of state law has occurred.

This bill will provide the DOH with the basic statutory framework to develop State program rules and capabilities pursuant to the minimum federal criteria for fully-authorized state hazardous waste programs specified under RCRA.

Your Committee heard testimony by the Director of Health in support of this bill, indicating the Department is currently in the process of developing program rules for review and has submitted a pre-application review package to the EPA containing proposed State legislation, existing State environmental statutes, and other State statutes and rules relating to the environment. A draft application for authorization is scheduled to be submitted to the EPA in August of 1988, with the final authorization package submitted in April of 1989.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 3205 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1899 Planning and Environment on S.B. No. 3209

The purpose of this bill is to allow any county to promulgate its own laws, ordinances, rules and regulations for the purpose of regulating the design, construction and operation of wastewater systems.

Your Committee finds that there are currently no provisions in the State statutes which allow any county to administer its own laws, ordinances, rules and regulations regarding the design, construction, and operation of sewerage and wastewater treatment facilities.

This bill would allow any county to regulate sewerage and wastewater treatment facilities if the laws of the county provide authority for such regulation and the proposed standards are equal to or more stringent than state standards.

Your Committee finds that this bill will encourage efficient and responsive regulation of sewerage and treatment facilities by local governments and provides safeguards to ensure that state environmental quality standards are maintained.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 3209 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1900 Consumer Protection and Commerce on S.B. No. 2015

The purpose of this bill was to allow homeowners to keep a reasonable number of pets on their premises.

Specifically, the bill provides for the following:

- (1) That no owner of any residential premises shall be prohibited from owning or possessing a reasonable number of domestic pets;
- (2) That applicable bylaws or other restrictive agreements may reasonably regulate or prohibit the behavior of pets in common areas;
- (3) That pets may traverse through such common elements if they are accompanied by and under the control of their owner or other responsible person;
- (4) That owners of residential premises may allow tenants or lessees to keep a reasonable number of pets and may require a separate pet security deposit not to exceed \$200;
- (5) That pets do not include animals listed under the plant and nondomestic animal quarantine provisions;
- (6) That residential premises include any dwelling where human habitation is allowed, but not hotels or transient accommodations intended to be occupied for less than thirty days at a time; and
- (7) Repeal of Section 514A-82.5, Hawaii Revised Statutes, which allows tenants to keep pets in horizontal property regimes if the bylaws do not forbid apartment owners to do so.

Your Committee wishes to note that a recent University of Hawaii Real Estate Research and Education Center survey indicated a higher resale value of 1.07 to 1.20 percent for units that allow pets as opposed to units that ban them.

Your Committee heard extensive testimony on this subject and finds that the benefits of pet ownership far outweigh the detriments, and that all residents of the State should be allowed to keep domesticated animals in their homes as personal pets, as long as they do not infringe on the health, safety, and welfare of others.

However, this bill, would seek to enable pet ownership in cooperatives, condominiums, and community housing associations by adding a new section to Chapter 142, which relates to animals, brands, and fences. It is the opinion of your Committee that placing important legislation which will affect so many residents in this relatively obscure section is inappropriate. Your Committee also believes that this bill, as introduced, lacks sufficient details and safeguards to achieve its intended purposes. Therefore, your Committee has amended the bill by deleting the substance and inserting new material clearly stating the intent of the Legislature to allow homeowners, including apartment owners to keep pets.

The bill, as amended, contains a findings and purpose statement followed by a new Section to be added to the Hawaii Revised Statutes (HRS) which allows pet ownership in horizontal property regimes, limited housing cooperatives, and community housing associations, as long as the following conditions are met:

- (1) No more than two animals weighing no more than thirty pounds each shall be allowed in any one unit; provided that such limit may be less for small units of less than five hundred square feet;
- (2) Pests, and animals proven to be dangerous or with a record of biting, are not considered pets for the purposes of this bill;
- (3) The pet owner will confine the animal to the house or apartment, except when the animal is being transported through the common elements, in which case the animal shall be caged, carried, or led on a leash;
- (4) The owner agrees to remove the animal if the owner is unable to correct within thirty days problem(s) resulting in repeated justifiable complaints from neighbors; and
- (5) Commercial breeding of animals is prohibited on premises not zoned for such purposes.

Your Committee has also added the following provisions:

- (1) Each year, if seventy-five percent or more of all the members of the governing body (association) of the community housing association, horizontal property regime, or limited housing cooperative, so vote, pets may be prohibited;
- (2) Disputes regarding pets arising out of the provisions of this bill shall be subject to arbitration under the appropriate arbitration statutes;
- (3) Funds may be established, based on reasonable annual assessments on each pet owner, to pay for any additional services needed to accommodate pets, primarily for clean-up purposes. Expenditures would be made from the contributions of the owners of the offending animals. The unexpended balance of each pet owner's assessment shall be refunded each year or may be applied to the next year's assessment;
- (4) Owners of residential premises who allow tenants or lessees to keep pets pursuant to section 514A-82.5 may require the tenant or lessee to pay a pet security deposit not to exceed \$200, which amount may be doubled to \$400 if there is any evidence of damage;
- (5) A registry may be maintained containing the name and description of each animal and the name and address or apartment number of the owner, for identification purposes only; and
- (6) Definitions for "resident premises" and "governing body".

Your Committee has further amended the bill by unequivocally affirming that all community housing associations, horizontal property regimes, and limited equity housing cooperatives shall incorporate the provisions of the new HRS Section into their bylaws, rules, covenants, or other governing instruments within one-hundred eighty days of the effective date of the bill, and that those provisions shall supersede any conflicting bylaws, rules covenants, or other restrictive agreements that may still be in existence one-hundred eighty days after the effective date.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2015, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2015, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Chang.

SCRep. 1901 Consumer Protection and Commerce on S.B. No. 2105

The purpose of this bill is to empower condominium associations to incorporate for the purpose of acquiring the leased fee interest of the real property upon which the project is situated.

Furthermore, the associations will be able to borrow, mortgage, and assess apartment owners for the debt service for such loans or costs incurred in acquiring the leased fee.

Your Committee received numerous testimonies and finds that lending institutions tend to question the power and ability of condominium associations to acquire and own leased fee interests in the property on which their project is situated. This bill would expressly confer this power and expedite the process of lease to fee conversions.

Your Committee has amended the bill by providing that:

- (1) The association shall be a nonprofit corporation organized for the sole purpose of purchasing the leased fee interest of the real property;
- (2) The decision to purchase the property must meet the approval of 65% or more of the individual apartment owners; and
- (3) No individual owner will be compelled to purchase the leased fee interest of the property, but may instead pay lease fee rent to the association's nonprofit corporation.

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 S.B. No. 2105, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2105, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Chang.

SCRep. 1902 Consumer Protection and Commerce on S.B. No. 2420

The purpose of this bill is to expand and clarify the rights of consumers in resolving new motor vehicle warranty disputes with manufacturers.

This bill will establish within the Department of Commerce and Consumer Affairs, a state certified arbitration program which is in compliance with Title 16, Code of Federal Regulations, part 703. This bill will also require manufacturers, its agents distributors, or authorized dealers of motor vehicles to provide the consumer with written notice setting forth the terms of the state certified arbitration program.

Your Committee finds that this bill is consistent with the intent of the Legislature to protect consumers by providing a better alternative for resolving new motor vehicle warranty disputes.

Your Committee has amended this bill by:

- (1) Amending subsection (b) of section 490:2-313.1 to provide that a reasonable allowance for use shall be that amount directly attributable to use by the consumer prior to the consumer's first report of nonconformity, and providing a formula for calculating the amount of reasonable allowance;
- (2) Amending subsection (e) of section 490:2-313.1 by changing the words "arbitration mechanism" on line 3, page 2 of the bill, to read "state certified arbitration program";
- (3) Adding subsection (g) to section 490:2-313.1, which defines "new motor vehicle" and specifies that the definition does not include a motor vehicle whose gross weight exceeds 10,000 pounds;
- (4) Adding subsection (h) to section 490:2-313.1, which requires the manufacturer to provide notice of the provisions of that section by distributing written material and placing them in the glove compartment of every motor vehicle;
- (5) Providing that if the consumer agrees to participate in the state certified arbitration program, any motor vehicle manufacturer shall also participate, thereby allowing the consumer to have the option of using the arbitration program;
- (6) Providing that either party may make a written demand for a trial de novo within thirty days, rather than ten days; and
- (7) 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. 2420, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2420, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang and Tungpalan.

SCRep. 1903 Consumer Protection and Commerce on S.B. No. 2798

The purpose of this bill is to clarify and strengthen the statutes relating to fees, licensing, authority, and applicability of the real estate laws.

Chapter 467, Hawaii Revised Statutes, specifies the amount of fees for real estate licensees, schools, and instructors, including initial license, renewals, registration, late penalty fees, and additional assessments. This bill deletes such wording and permits the Director of Commerce and Consumer Affairs to establish fees in accordance with Chapter 91, Hawaii Revised Statutes. Further, this bill clarifies that condominium hotel operators must register with the Real Estate Commission and pay an appropriate registration fee. Finally, this bill amends the definition of real estate salesman to include real estate salesperson.

Your Committee received supporting testimony from the Real Estate Commission and finds that this bill is primarily a housekeeping measure intended to incorporate technical changes into the law and make timely fee authorization and definition clarifications.

Your Committee has amended the bill by further clarifying in Section 467-11 that fees include those fees allocated to the Real Estate Education Fund; by further clarifying that the fees provided in Section 467-25.5(c) are imposed on schools and instructors; 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. 2798, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2798, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang and Tungpalan.

SCRep. 1904 Consumer Protection and Commerce on S.B. No. 3037

The purpose of this bill is to require motor vehicle mechanic apprentice/trainees and motor vehicle mechanic helpers to be registered with the Motor Vehicle Repair Industry Board in the Department of Commerce and Consumer Affairs.

Your Committee, upon consideration of the combined testimony of the Hawaii Automotive and Retail Gasoline Dealers Association and the Society of Collision Repair Specialists, finds this bill will help to protect consumers by ensuring that motor vehicle mechanic apprentice/trainees and helpers will be qualified to work in such occupations. Registration will provide for better accountability and workmanship, which should result in fewer complaints and problems for consumers.

Your Committee has amended the bill by clarifying much of the language and adding provisions that the apprentice or helper must work under the direct supervision of a registered motor vehicle repair dealer or motor vehicle mechanic who shall be responsible for the work done by the apprentice or helper.

Your Committee has also amended the bill by providing that the Motor Vehicle Repair Industry Board shall adopt rules establishing procedures and qualifications for registration of apprentices and helpers.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3037, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3037, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang and Tungpalan.

SCRep. 1905 Consumer Protection and Commerce on S.B. No. 2670

The purpose of this bill is to allow charitable organizations to have an insurable interest in the life of a donor.

Under the present insurance laws, a charitable organization does not have an insurable interest in a donor's life. This bill will permit a charitable organization to purchase and pay premiums on a life insurance policy on the life of a donor. On the death of the donor, the charitable organization would be the beneficiary of the policy.

Your Committee finds that this bill will benefit charitable organizations without jeopardizing or infringing on the rights of other heirs or beneficiaries to receive compensation payable from other legally executed life insurance policies.

Your Committee has amended the bill by making clarifying 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. 2670, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2670, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang and Tungpalan.

SCRep. 1906 Consumer Protection and Commerce on S.B. No. 2160

The purpose of this bill is to exempt specialty insurers of U-drive motor vehicles from being required to accept and renew all no fault insurance applicants.

According to testimony provided by the Department of Commerce and Consumer Affairs, this bill would attract specialty insurers of U-drive motor vehicles to Hawaii, thereby enhancing availability and affordability of insurance for U-drive motor vehicles.

Your Committee has 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. 2160, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2160, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang and Tungpalan.

SCRep. 1907 Consumer Protection and Commerce on S.B. No. 2253

The purpose of this bill was to require gasoline dealers to post the gallonage price at the top of each pump and separate from any other pump prices.

Although America has been slowly converting to the metric system, efforts to encourage motorists to measure the efficiency of their vehicles and their fuel costs by the liter have been relatively unsuccessful.

Recently, the Department of Agriculture, Division of Measurement Standards, adopted rules requiring that the unit price by which gasoline is sold be displayed through the variator setting (the digital readout of the computer's unit price shown in the lower window of the pump). "Posted" prices, if any, appear in large figures on street signs or the pump island. The Department rules require that these signs, if used, shall contain both the gallon and liter price. This bill would require posting of gallon prices not only on street and island signs, but also on each individual pump which dispenses by the liter. However, the bill quite explicitly refrains from requiring the actual sale of gasoline by the gallon.

Your Committee received testimony from Wallace S. Amioka, representing Aloha Petroleum, Shell Oil, Texaco, and Unocal; the Hawaii Automotive and Retail Gasoline Dealers Association; the Chairperson of the Board of Agriculture; and Roy A. Vitousek, representing Chevron U.S.A., and finds that motorists have the right to know how much they are paying for gasoline in terms which will best enable them to make use of such information. In this case, your Committee finds that most motorists are able to understand and get best use out of their gasoline dollar if they know the price per gallon.

Your Committee has amended the bill by:

- (1) Authorizing the Director of Measurement Standards to adopt rules to carry out the purpose of this bill;
- (2) Clarifying that the price per gallon must be posted on any pump which displays the price per liter as the variator price setting (the price per unit in the lower window on the pump);
- (3) Allowing the price per gallon to be posted on the face panel or the top of each pump; and
- (4) Making nonsubstantive language changes for the purposes of clarity and style.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2253, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2253, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Fernandes Salling and Tungpalan.

SCRep. 1908 Consumer Protection and Commerce on S.B. No. 2804

The purpose of this bill is to correct a technical error in section 403-94, Hawaii Revised Statutes, which imposes restrictions on the loans which a bank may make to its officers, directors, agents, or employees.

This bill makes a technical correction to Act 104, Session Laws of Hawaii 1987, where a clerical error omitted the phrase "...of its officers, directors, agents, or employees, or to any...." This bill restores the missing phrase intended to restrict loans made to officers, directors, agents, or employees of the bank without the approval of the bank's board of directors.

Your Committee has amended the bill to correct a typographical error.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2804, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2804, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang and Tungpalan.

SCRep. 1909 Consumer Protection and Commerce on S.B. No. 2422

The purpose of this bill is to provide that the vehicle of an uninsured motorist shall be impounded until the motorist presents evidence that insurance has been obtained.

Currently, Section 294-39 provides that any person who is in violation of Chapter 294 shall be subject to a fine. This bill will provide further that the vehicle of an uninsured motorist shall be impounded.

Your Committee finds that the current penalties provided are not sufficient to deter persons from violating Chapter 294. Your Committee finds further that this bill is consistent with legislative intent to create a system of reparations for accidental harm and loss arising from motor vehicle accidents, to compensate these damages without regard to fault, and to limit tort liability for these accidents.

Your Committee has amended the bill by making technical and clarifying language 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. 2422, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2422, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang and Tungpalan.

SCRep. 1910 Consumer Protection and Commerce on S.B. No. 2786

The purpose of this bill is to establish stricter penalties and to authorize the use of cease and desist orders for violations of franchise investment laws.

Currently, section 482E-10 provides for a civil penalty of up to \$25,000 for violation of the terms of an injunction obtained by the Attorney General to prevent violations of chapter 482E. Further civil penalties of up to \$2,000 for each violation of section 482E-3(a) (failing to provide an offering circular) and section 482E-5(b) (use of fraud, deceit, or untrue statements) are also provided for in section 482E-10. The section also provides for criminal penalties of a fine of up to \$5,000 and imprisonment of up to ten years with a statute of limitation of five years after the alleged violation for the criminal penalties.

This bill will increase civil penalties by providing that any person who violates chapter 482E may be assessed a penalty up to \$100,000. It will also establish a statute of limitation for civil actions of five years from the date of violation or two years from the discovery of facts constituting the violation, but not more than seven years from the date of the violation.

This bill will increase criminal penalties by providing that any person who intentionally violates chapter 482E commits a class A, B, or C felony, depending upon the amount lost by victims and shall forfeit to the State any interest or property acquired in violation of the law.

Additionally, this bill will authorize the Director of the Department of Commerce and Consumer Affairs to issue a cease and desist order to enforce compliance with chapter 482.

Your Committee finds that there is rapid growth in the number of franchises registered with the State, and the number of problems relating to fraudulent or unsubstantiated offerings is expected to increase. Your Committee finds further that this bill will allow the Department of Commerce and Consumer Affairs to take an active position in regulating franchises before abuse of the law becomes uncontrollable.

Your Committee has amended the bill by inserting the word "intentionally" before the word "violates" on line 1, page 2 and by making nonsubstantive language and other technical changes for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2786, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2786, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang and Tungpalan.

SCRep. 1911 Government Operations on S.B. No. 2318

The purpose of this bill is to reduce, from 45 days to 30 days, the deadline by which the State must pay vendors' invoices and by requiring automatic payment of the statutory interest on amounts not paid until after the 30-day period.

Under current law, the State, and counties, are required to pay vendors' invoices within 45 days of receiving the purchased goods and services, or receiving the invoice. If payment is not made within such time period, the State is required to pay an interest penalty at the rate of 12 percent, commencing on the 45th day and ending with payment.

In a recent report prepared by Deloit, Haskins & Sells for the Department of Accounting and General Services, "approximately 77 percent of an estimated 285,000 claims processed in fiscal year 1986-87 were paid within 30 calendar days, and approximately 93 percent, or an estimated 265,000 claims, were paid within the 45-day statutory requirement provided in Section 103-10, Hawaii Revised Statutes."

Your Committee received testimony from the National Federation of Independent Business and the Hawaii Business League to the effect that this change will alleviate some cash flow problems which some small businesses encounter with the 45-day payment period.

Your Committee agrees with the concerns of companies doing business with the State and is convinced by the testimony that the State is capable of paying within the 30-day period.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2318 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Young and George.

SCRep. 1912 Government Operations on S.B. No. 2168

The purpose of this bill is to increase accessibility for the handicapped to public buildings.

This bill amends Section 103-50, Hawaii Revised Statutes, to require consideration of the needs of the handicapped in the reconstruction of public buildings, as well as new construction; to update the applicable accessibility standards, by substituting the newer Uniform Federal Accessibility Standards (UFAS) in place of the American Standards Specifications (ASA); to require a percentage of appropriations for planning and design of public buildings be used to assure compliance with the standards; to provide for rules; and to make a violation of this section a criminal offense.

Your Committee heard testimony from the Department of Accounting and General Services, the department primarily responsible for implementing the law, and also from: The Commission on the Handicapped, the Handicapped Network, Paralyzed Veterans, Rehabilitation Hospital of the Pacific, Arthritis Foundation Hawaii Chapter, the Mayor's Committee on the Handicapped, Veteran's Administration, Hawaii Centers for Independent Living, and Disabled American Veterans.

Your Committee finds that this bill provides a needed updating of public building accessibility standards, but does not wish to automatically accept future amendments. Your Committee also feels that UFAS or ASA could create confusion and uncertainty if applied to "reconstruction" projects, and has declined to apply this section to reconstruction projects. Your Committee does not believe that criminal sanctions are warranted and has deleted them. There is no evidence of any wilful violations of this section, and the addition of criminal sanctions will deter architects and engineers from undertaking design work for public buildings. This will needlessly increase construction costs.

Your Committee finds that there is no need to mandate a percentage of each construction appropriation for compliance review. Nor is there a need to grant separate, rule-making authority for this specific section.

At the suggestion of the Comptroller, your Committee has added a waiver provision whereby the Governor, in the case of a state project, or the Mayors, in the case of a county project, can waive one or more of the UFAS accessibility standards. It is not anticipated that this will be done frequently, but may be necessary on occasion. Any waivers shall be on a project by project basis and shall not be blanket waivers.

Your Committee has further amended the bill by making a clarifying language change which has no substantive effect.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2168, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2168, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Young and George.

SCRep. 1913 Government Operations on S.B. No. 2172

The purpose of this bill is to include the island of Kaula within the boundaries of the county of Kauai, and within the boundaries of the Waimea, Kauai district.

The island of Kaula is located about twenty miles southwest of Niihau and has a land area of approximately 256 acres. A Council member of the Kauai County Council testified that the County of Kauai has long considered Kaula to be under its jurisdiction and has acted accordingly. Kaula is represented as part of Kauai under the real property tax maps, zoning maps, the federal Coastal Zone Management Act, and geological survey maps of the U.S. Department of Interior. Further, there exists a very strong perception by Kauai residents that Kaula has historically been a part of Kauai County.

Your Committee is in agreement with the intent of this bill and finds that it will conform the law to current practices.

Your Committee has amended the bill to make technical amendments which have no substantive effect.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2172, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2172, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Young and George.

SCRep. 1914 Government Operations on S.B. No. 2319

The purpose of this bill is to allow bids for public contracts to be supported by instruments issued by credit unions.

Currently bids for public service contracts must be accompanied by a deposit of legal tender or by a certificate of deposit, cashier's check, or certified check on a bank insured by the Federal Deposit Insurance Corporation or a savings institution insured by the Federal Savings and Loan Insurance Corporation. However, credit unions in practice do not issue cashier's checks or certified checks and therefore are unable to service customers wishing to obtain bid deposits from them. Passage of this bill would broaden the instruments available to businesses for the purpose of bid bonding by allowing certificates of deposit issued by credit unions to be accepted as bid bonds for State bid solicitations.

Specifically this bill amends Sections 103-28 and 103-30, Hawaii Revised Statutes (HRS), to: (1) allow use of bid deposit instruments issued by National Credit Union Administration (N.C.U.A.) insured credit unions; (2) provide for a maximum bid deposit and bid forfeiture of \$2,500 for price-term, open-end, and requirements contracts; (3) allow for a standing bid deposit of \$2,500 for price-term, open-end, and requirements contracts; and (4) provide for return of inactive standing deposits.

Your Committee heard testimony from the Department of Accounting and General Services, the Hawaii Credit Union League, the Department of Finance, and the Subcontractors' Association of Hawaii, all in support of this bill.

Your Committee finds that the security of share certificates issued by federally insured credit unions is equivalent to the security of certificates of deposit and certified and cashier's checks issued by federally insured banks and savings institutions, and therefore amended this bill to allow for acceptance of share certificates.

Your Committee also finds that neither certificates of deposit nor share certificates are "payable at sight" as presently required by Section 103-28, HRS, both having maturity dates, and has amended the statute to allow a person to unconditionally assign either of these to the officer advertising for bids.

Your Committee has further amended the bill by making minor language and style changes which have no substantive effect.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2319, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2319, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Young and George.

SCRep. 1915 Government Operations on S.B. No. 2326

The purpose of this bill is to expand the role of the statewide information service.

Under current law, the functions of the State information service include communication of government functions to the public; responding to queries; assessing existing informational services; seeking effective ways of disseminating public announcements; identifying community needs; and devising programs for government officers to increase their awareness of community needs.

This bill would amend Sections 27C-1 and 27C-2, Hawaii Revised Statutes, to provide for a State information office, whose responsibilities are expanded to include assisting the public in exercising their right to access government records, and assisting State agencies in complying with the laws on access to public records.

The State information office will receive complaints concerning denial to access of government records and mediate disputes regarding access; provide advisory opinions to State agencies regarding issues of privacy and access; assist State agencies in rule-making and compliance with laws relating to public and personal records; and assist the public in correcting inaccuracies concerning them which are contained in such records.

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

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2326, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2326, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Young and George.

SCRep. 1916 Public Utilities on S.B. No. 2633

The purpose of this bill is to ensure the availability of relay services for the deaf and hearing impaired by providing a statutory basis for implementing a telecommunication relay service to be used with a telecommunication device for the deaf (TDD).

This bill will enforce the belief that everyone has a natural and basic need to communicate. For many deaf and hearing-impaired people, the fulfillment of this need depends on an extra communication means, such as a telecommunication device for the deaf. These extra tools of communication have not always been readily available nor uniformly accessible, yet without them, hearing-impaired people are deprived of the right to fully participate in society.

Your Committee heard favorable testimony from all parties including the Department of Human Services, Public Utilities Commission, Department of Health, Commission on the Handicapped, and the Hawaiian Telephone Company. Relay services for the deaf make the phone system usable by hearing-impaired persons who have a TDD.

The bill is consistent with the recommendations of a study conducted by the State Coordinating Council on Deafness, as requested in House Resolution 78 of the 1987 Legislature, to provide full and equal access to all programs and services in Hawaii for the hearing-impaired, through a statutory base for a TDD relay service in Hawaii.

The program is to be implemented by the Public Utility Commission not later than July 1, 1989.

Your Committee on Public Utilities is in accord with the intent and purpose of S.B. No. 2633 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1917 Education on S.B. No. 1539

The purpose of this bill is to amend the laws of the State of Hawaii relating to schools.

Your Committee has amended this short form bill to include the following:

(1) A purpose section. Your Committee finds that current financial projections indicate that the capital investment requirements for public school facilities in the next four years will approximate \$350 million. The purpose of this bill is to develop a plan whereby the private sector can make contributions to supplement state government outlays for needed public school facilities.

(2) An establishment section. This bill will establish a temporary commission on business and community support for public school facilities which shall develop a plan to promote and facilitate private contributions for specific public school facilities or for a building endowment fund for the public school system. The temporary commission shall be composed of nine members appointed by the Governor.

(3) A reporting section. The temporary commission shall submit a report prior to the 1989 regular session; the commission shall dissolve ninety days thereafter.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1539, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1539, S.D. 1, and be recommitted to the Committee on Education for further consideration.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 1918 (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 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 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, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator George.
Senators Chang, Holt and Tungpalan did not concur.

SCRep. 1919 (Majority) Ways and Means on S.B. No. 2965

The purpose of this short form bill is to establish the aloha state bond program.

Your Committee has inserted the substance of this bill to establish an aloha state bond commission to supervise the creation of a plan to establish the aloha state bond program and appropriate \$150,000 therefor. The program would issue and regulate aloha state bonds, which are instruments to be issued by the State permitting holders to participate in drawings for prizes, and which would be redeemable upon its expiration or at any other time.

Under this bill, the commission would be required to develop a program plan including policies, procedures, and statutes necessary to implement the program, for submission to the 1989 Regular Session of the Legislature.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2965, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 2965, 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 Blair and Fernandes Salling.

Senator Herkes did not concur.

SCRep. 1920 Ways and Means on S.B. No. 3264

The purpose of this short form bill is to appropriate funds to finance various capital improvement projects throughout the State.

Your Committee has amended this bill to provide for, among other things, appropriations in the amount of \$1 for several unspecified projects; the lapsing of appropriations; severability; and a savings provision.

Your Committee believes that the bill in its final form will reflect the legislature's intent to appropriate funds for capital improvement projects where they are most needed as well as benefit residents of the State of Hawaii.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3264, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 3264, 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 Blair and Fernandes Salling.

SCRep. 1921 Health on S.B. No. 3248

The purpose of this short form bill is to amend the Hawaii Revised Statutes by adding a new chapter on bottled water.

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 regulating bottled water in the State of Hawaii.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3248, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 3248, S.D. 1, and be recommitted to the Committee on Health for further consideration.

Signed by all members of the Committee except Senator George.

SCRep. 1922 Health on S.B. No. 1542

The purpose of this bill is to amend the laws of Hawaii relating to health.

Your Committee has amended this short form bill by inserting material which provides three methods of admitting minors under eighteen years of age to psychiatric facilities.

Specifically, the bill deletes subsection (b) of Section 334-60.1, Hawaii Revised Statutes, and adds a new section to Chapter 334, Part IV, allowing the admission of minors in the following manner:

- (1) By application of the parent or guardian, as long as there is independent medical concurrence with the application and subsequent periodic review of the minor;
- (2) Voluntarily by a minor aged fifteen to seventeen if the application is signed in the presence of a family court officer; and
- (3) By the family court through a guardian ad litem.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1542, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1542, S.D. 1, and be recommitted to the Committee on Health for further consideration.

Signed by all members of the Committee except Senator George.

SCRep. 1923 Health on S.B. No. 3210

The purpose of this bill is to improve the completeness and reliability of medical data recorded on birth certificates by requiring the signatures of both the birth attendant (usually an obstetrician) and the newborn attendant (usually a pediatrician) on the birth certificate.

Currently, the birth certificate is required to be filled out by the birth attendant.

This bill would require that the portion of the certificate relating to medical information concerning the mother be attested to by the birth attendant or the agent of the birth attendant, and the medical information relating to the newborn child be attested to by the attendant to the newborn or the agent of the attendant to the newborn.

Upon further consideration, your committee has amended the bill by deleting the underscored material beginning on line 11, page 1, and by providing that a designated representative of a birthing facility may substantially complete and file the birth certificate with the Department of Health. Your Committee finds that birth certificates are already unwieldy and difficult to complete during the time period prescribed by the Department of Health. The requirements of this bill as received by your Committee would place an onerous burden on birthing facilities, but granting authority for a designated representative of the facility to sign the birth certificate would beneficially streamline the process.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3210, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3210, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 1924 Labor and Employment on S.B. No. 3256

The purpose of this bill is to grant permanent civil service status to certain temporary employees in the Child Support Enforcement Agency.

Your Committee has amended this short form bill to insert substantive material which will convert certain temporary employees in the Child Support Enforcement Agency to permanent civil service status as intended by Act 332, Session Laws of Hawaii 1986.

Act 332 created the Child Support Enforcement Agency within the Department of Social Services and Housing and transferred to the Agency, personnel in the Judiciary whose duties related to child support enforcement matters. The Act also provided for the Agency to be transferred from the Department of Social Services and Housing to the Department of the Attorney General on July 1, 1987.

In order to assure continuity of operations during the transition period, Section 25 of Act 332 contained provisions which were intended to grant permanent civil service status to temporary employees employed by the Child Support Enforcement Agency during the move of the Agency from the Judiciary to the Department of Social Services and Housing and from the Department of Social Services and Housing to the Department of the Attorney General. However, it has been determined that the language contained in Section 25 of Act 332 was insufficient to grant permanent civil service status to the affected employees. This bill will effectuate the intent of Act 332.

Your Committee finds that the employees affected by this bill have rendered valuable services to the Child Support Enforcement Agency during a difficult transition period. Moreover, the experience and training they have received while employed by the Agency are valuable assets which will be lost if they are not retained as permanent employees.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 3256, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 3256, S.D. 1, and be placed on the calendar for Second and Third Reading.

Signed by all members of the Committee.

SCRep. 1925 Culture, Arts and Historic Preservation on S.B. No. 743

The purpose of this bill is to establish rules for the protection, preservation, reinterment, and archaeological examination of significant prehistoric and historic burial sites.

The bill would establish a comprehensive historic preservation program and a division under the State Historic Preservation Officer to administer the program.

Your Committee upon consideration has amended S.B. No. 743 by deleting the contents of the bill, except the section regarding the removal or redesignation of cemeteries, and included the following procedures:

- (1) Review and comment by the Department of Land and Natural Resources on the effect proposed projects may have on historic property;
- (2) Discontinuation of activity until proper authorities are notified, examine and evaluate remains, and if necessary, prepare and execute a plan for mitigation and disposition;
- (3) Initiation of a report of archaeological findings, if any; and
- (4) Notification of specific lineal descendants, if identifiable, and the Office of Hawaiian Affairs, if it is likely that the remains are those of native Hawaiians.

Your Committee has further amended this bill by including a severability clause.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of S.B. No. 743, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 743, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1926 (Joint) Health and Labor and Employment on S.B. No. 2265

The purpose of this bill is to extend the job-sharing pilot project in the Department of Health to June 30, 1990.

Act 73, Session Laws of Hawaii 1986, established a two-year pilot project to be implemented during fiscal years 1986-1987 and 1987-1988. The project is scheduled to terminate as of June 30 this year. This bill would extend the project throughout fiscal years 1988-1989 and 1989-1990 and would require the Legislative Auditor to evaluate the job-sharing

concept and submit a status report on the project to the 1989 legislative session, and a report of findings and recommendations to the 1990 Legislature.

Your Committees received supporting testimony from the Director of Health, the Director of Personnel Services, and HGEA/AFSCME Local 152, and find that two more years are necessary for the Department of Health to fully implement the project so as to achieve maximum benefits therefrom. Additionally, the two-year extension is necessary for the Legislative Auditor to adequately monitor and evaluate the project and develop appropriate findings and recommendations.

Your Committees have amended this bill by deleting the requirement that the Legislative Auditor submit a status report to the 1989 Legislature. It is the belief of your Committees that the two previous status reports to the 1987 and 1988 Legislatures, along with the final report and recommendations to be provided to the 1990 Legislature, will provide sufficient bases to decide whether this project should be made permanent, extended again, or terminated. Your Committees have further amended the bill to make technical changes which have no substantive effect.

Your Committees on Health and Labor and Employment are in accord with the intent and purpose of S.B. No. 2265, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2265, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Senator George.

SCRep. 1927 Health on S.B. No. 2871

The purpose of this bill is to clarify confidentiality issues concerning information which identifies persons who have been tested for the presence of HIV infection or may have a condition related to a sexually transmitted disease.

This bill would protect the confidentiality of medical records of an HIV infected individual yet authorize the release of sufficient information to enable reimbursement of health care providers by insurers for services rendered. In addition, information could be transmitted from one health care provider to another who is taking over the case or providing additional treatment.

Your Committee received supporting testimony from the Director of Health, Hawaii Medical Association, Healthcare Association of Hawaii, the Department of Commerce and Consumer Affairs, the Hawaii Medical Record Association, and others, and finds that this bill will alleviate major problems which are currently being experienced by hospitals and other health care providers, and will substantially improve the ability of Hawaii's health care establishment to serve the needs of those infected with or at risk of infection by sexually transmitted diseases.

Upon further consideration, your Committee finds that the intent behind enacting Part VI of Chapter 325 was to address the confidentiality factor of records relating to HIV infection, AIDS, and ARC (Aids Related Complex), not of all sexually transmitted diseases. Therefore, in order to clarify and strengthen Part VI and improve the ability of Hawaii's health care establishment to deal effectively with the subject of HIV infection, ARC, and AIDS, your Committee has made the following amendments to the bill:

- (1) Changed the title of chapter 325, Part VI, from "Sexually transmitted diseases", to "HIV Infection, AIDS, and ARC."
- (2) Deleted the material in Section 325-101 beginning "All information..." on page one, line three, through "rule and" on line nine, and inserted the following: "The records of any person which indicate that the person has a human immunodeficiency virus (HIV) infection, AIDS related complex (ARC), or acquired immune deficiency syndrome (AIDS)...." This amendment clearly indicates the parameters of Part VI;
- (3) Provided that the term "records" as used in part VI shall be broadly construed to mean all communication which identifies or may be reasonably construed as identifying any individual who has HIV infection, ARC, or AIDS;
- (4) Rewritten new paragraph (7) in Section 323-101(a) to provide that release of information may be made to the patient's health care insurer to obtain reimbursement for services rendered to the patient, provided that release shall not be made if, after being informed that a claim will be made to an insurer, the patient is afforded the opportunity to make the reimbursement directly and actually makes the reimbursement;
- (5) Deleted reference to sexually transmitted diseases in new paragraph (8) of Section 325-101(a);
- (6) Added a new paragraph (9) to Section 325-101(a) authorizing release of information to another individual within the same office, agency, or firm for clerical, administrative, or other bona fide business purpose;
- (7) Added a new paragraph (10) to Section 325-101(a) authorizing release of information pursuant to a court order upon a showing of good cause by the party seeking the release of the records;
- (8) Amended subsection (c) of Section 325-101 by providing that no person shall be compelled to disclose whether the person has been tested for HIV infection in order to obtain housing, employment, or education;
- (9) Amended Section 325-104 by deleting the reference to "sexually transmitted disease" and inserting "HIV infection, ARC, or AIDS"; and
- (10) Made technical and clarifying language changes which have no substantive effect.

Your Committee on Health is in accord with the intent and purpose of S.B. No 2871, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2871, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 1928 Public Utilities on S.B. No. 2486

The purpose of this bill is to grant a franchise to Maui Electric Company (MECO) for the island of Lanai.

This bill will allow MECO to place its poles and other equipment in the public rights-of-way and authorize condemnation powers. These rights are incidents of a franchise and would not be available to MECO if it obtained a certificate of public convenience and necessity.

Sales on Lanai and the associated franchise tax are expected to increase by approximately 60 percent as a result of an agreement with Castle and Cooke to acquire the Dole Company power plant, associated facilities, and land for a new power plant, all of which are subject to Public Utilities Commission approval.

The franchise will encourage economic development on Lanai by facilitating MECO's extension of service along public rights of way.

Your Committee heard testimony presented by the Public Utilities Commission and the President of MECO in support of this bill.

Your Committee on Public Utilities is in accord with the intent and purpose of S.B. No. 2486 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1929 Labor and Employment on S.B. No. 2267

The purpose of this bill is to amend Section 89-6(c), Hawaii Revised Statutes, relating to persons excluded from public employee collective bargaining.

Currently, secretaries who report to top-level managerial and administrative personnel are excluded from any bargaining unit and from coverage under the collective bargaining laws. This bill will repeal the exclusion.

Secretaries to top-level personnel were excluded from collective bargaining based on the presumption that they are part of the management "team" and have access to confidential matters affecting employee-employer relations in the performance of their duties. Your Committee finds that such a presumption may not be accurate in all cases and that whether or not such secretaries are properly excluded should be decided on a case by case basis.

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. 2267, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2267, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1930 Agriculture, Energy and Ocean Resources on S.B. No. 3227

The purpose of this bill is to amend Section 188-40, Hawaii Revised Statutes (HRS) to repeal the provision on minimum size for sale of slipper lobsters in order to allow regulation through rules adopted by the Department of Land and Natural Resources.

Chapter 13-89, Hawaii Administrative Rules of the Department of Land and Natural Resources (DLNR) provides minimum size limits for taking and selling spiny lobsters in the main Hawaiian Islands and the Northwestern Hawaiian Islands. These administrative rules give the DLNR flexibility to make timely amendments as required by the fishery, and help to maintain regulatory consistency between State and Federal jurisdictions for inshore and offshore waters of both the main Hawaiian Islands and the Northwestern Hawaiian Islands.

The DLNR testified that it conducted a public hearing to amend Chapter 13-89, Hawaii Administrative Rules to include the comparable regulation of slipper lobster with the spiny lobster. By transferring the regulation of slipper lobster from statute to administrative rule, the Department will be better able to manage this fishery resource since the spiny and slipper lobster are taken together.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 3227 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1931 Agriculture, Energy and Ocean Resources on S.B. No. 3163

The purpose of this bill is to include the Director of Health as a member of the Governor's Agriculture Coordinating Committee (GACC).

Since its establishment by the Legislature in 1976, the GACC has proven to be most effective in coordinating systematic planning, priority setting, and action implementation for Hawaii's agricultural industry. The effectiveness and success of the activities of GACC derives from the coordination of the capabilities, expertise, and experience of state, federal, and county agencies that have responsibility for causing Hawaii's agricultural industry to prosper as well as private sector industries with interests in agriculture.

The Department of Health (DOH) has specific responsibilities for agricultural products and for other areas upon which agricultural practices may impact. Health issues have become more prominent in the food and agriculture areas, both in Hawaii and nationwide, since GACC was established. Therefore, it is appropriate and timely for DOH to be represented on the State's agriculture coordinating body, GACC. DOH has unique capabilities that it can bring to the GACC. Furthermore, coordinating efforts by all agencies and industries can assure that Hawaii's agriculture industry continues its progress toward optimal safety and profitability for the overall benefit of the State.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of S.B. No. 3163 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1932 Agriculture, Energy and Ocean Resources on S.B. No. 2756

The purpose of this bill is to amend various sections of the Hawaii Revised Statutes pertaining to the administrative rules for the agricultural park program.

Specifically, this bill (1) clarifies that aquaculture is included among the purposes for which agricultural park leases may be issued; (2) provides that agricultural park lessees need not derive the major portion of their income from the premises if it is fully utilized; (3) provides that transfer, assignment, or sublease of an agricultural park lease shall be to qualified applicants; (4) provides applicant preference status to veterans with honorable discharges; and (5) provides that agricultural park leases issued by the Board of Agriculture on public lands set aside to it shall not require prior approval of the Board of Land and Natural Resources.

The Chairperson of the Board of Agriculture testified that this bill came about based on testimony and recommendations made during public hearings on the administrative rules for the agricultural park program that (1) the requirement that agricultural park lessees earn the major portion of their income from their lots may be a hardship on a lessee who has fully developed his lot and has to expand elsewhere; (2) the Board of Agriculture should exercise control over the transfer, assignment, and sublease of agricultural park leases to prevent speculation and ensure that land is made available to qualified persons; and (3) preference should be given to veterans with honorable discharges, but not to "other than dishonorable" discharges, which may include bad conduct discharges; and (4) prior approval of agricultural park leases by the Board of Land and Natural Resources was felt to be redundant and to represent an unwarranted expense.

Your Committee, upon the recommendation of the Board of Agriculture, has amended the bill by inserting the words "who meets the qualifications of the new farmer program" between the words "farmer" and "as" on line 2, page 5, and deleting the proposed reference to "the department's Agricultural Park Program Rules" on lines 3 and 4, page 5. Your Committee has further 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 S.B. No. 2756, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2756, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1933 Business Development and Pacific Relations on S.B. No. 2943

The purpose of this bill is to provide the legal framework for the Center for International Commercial Dispute Resolution, a nonprofit educational corporation.

The bill, as supported by Senate Resolution No. 177, Legislative Session of 1987, will enable the Center to facilitate the resolution of international business, trade, commercial, and other disputes by means of arbitration, mediation, conciliation and other forms of dispute resolution, and to develop and conduct educational and training programs. It allows parties to voluntarily submit to alternate means of dispute resolution in order to avoid international litigation.

The scope of the bill covers disputes between two or more persons provided that at least one of the persons is a nonresident of the United States or provided that the dispute involves property located outside the United States, is related to a contract which envisages enforcement or performance outside the United States, or bears some other relation to a foreign country. Participants are permitted to select any body of rules and procedures for the conduct, administration, and facilitation of the proceedings. Enforcement of awards shall be enforced by the circuit courts of this State.

Your Committee finds that the rapid expansion of international business, trade, and commerce among nations in Asia and the Pacific Basin has caused an increase in the number of disputes. Furthermore, many international contracts between various nations have already indicated Hawaii as the situs for location for arbitration of disputes that may arise. It is evident that there is a momentum growing in favor of utilizing Hawaii as the center for dispute resolution because of its uniqueness of location and multi-faceted culture.

Currently, the Hawaii Arbitration Act, Chapter 658, Hawaii Revised Statutes, provides the legal framework for domestic arbitration. There are no laws, however, tailored to international disputes. This bill will provide for laws necessary to facilitate international dispute resolution in Hawaii in order to enhance Hawaii's efforts to assume a place of leadership in the economic and social development of the Asian and Pacific Rim nations.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 2943 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1934 Education on S.B. No. 2817

The purpose of this bill is to amend the qualification requirements for school district advisory councilors appointed by the Governor.

Under section 296-8, Hawaii Revised Statutes, a school district advisory councilor appointed by the Governor must be a registered voter and resident of the councilor's school board district. This bill will delete the voter registration requirement and require only that the councilor reside in the school board district in which the councilor is appointed to serve.

Your Committee received supporting testimony from the Department of Education and finds the bill will increase participation on school board advisory councils by persons who are serving in the military or are only temporary residents and maintain their legal residences and voting registrations in their home states, but have children who are required to attend school. These people often have special needs and concerns and are willing to work to improve our educational system.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2817 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 Fernandes Salling.

SCRep. 1935 Education on S.B. No. 2815

The purpose of this bill is to amend existing statutes on adult education to reflect the expanding role of continuing education programs.

Part I of chapter 301, Hawaii Revises Statutes, states the traditional mandates of adult education. This bill expands the mandates of adult education to reflect the demands for educational services to include continuing education within the community, basic adult literacy education, and community responsibility education.

Your Committee received supporting testimony from the Department of Education, the Office of Children and Youth, the Adult and Community Education Advisory Council, and the Community Education Association and finds that chapter 301 was enacted initially in 1945 to accommodate the remediation needs of citizens and immigrants who lacked an elementary and/or high school education. Since then the demands for education services have changed and expanded. The inclusion of "adult literacy education" will highlight and address the needs of those with reading and writing deficiencies. "Community education" encompasses continuing education and life-long learning for all citizens including enrichment and supplementary programs for parents and children; it also fosters a process for partnerships and networking among school and community groups to resolve issues of substance abuse, "latch key" children, and other related problems. The bill will authorize the Department of Education to expand its programs in order to meet the current and future educational needs of the community.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2815 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 Fernandes Salling.

SCRep. 1936 Planning and Environment on S.B. No. 2641

The purpose of this bill is to require the Department of Health (DOH) to test water and life forms for any hazardous effects as a result of being subjected to water pollution.

This bill would require DOH to assess any effects on the environment and notify the public when the water and shoreline contain aquatic life that could be hazardous.

Your Committee finds that DOH currently lacks the necessary experience and equipment for extracting contaminants and differentiating them from naturally occurring products in marine samples. Until DOH can obtain the necessary resources, private laboratories can be contracted to perform the required services.

Your Committee has amended this bill to replace the phrase "the purity and potability of water" on line 4, page 2, and "The purity and potability of the water" on line 10, page 5, with "the quality of the receiving water." The change was recommended by the Board of Water Supply of the City and County of Honolulu on the basis that the new language is more applicable to water pollution enforcement.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2641, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2641, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1937 Military and Civil Defense on S.B. No. 3198

The purpose of this bill is to allow any commissioned officer of the armed forces of the United States to administer oaths to prospective members of the Hawaii National Guard.

Under current law, only commissioned officers of the Hawaii National Guard are authorized to administer oaths and affirmations to Hawaii Guard inductees. This creates a limitation on the recruitment of prospective Guard members through a new procedure implemented by the Federal government called the Military Entrance Processing Stations or "MEPS" program. In this program, persons completing active duty obligations who wish to join the National Guard or Reserves can be sworn into the National Guard or the Reserves of any state at the separation center. This will make it possible for active duty military officers, anywhere in the world, to administer oaths to Guard and reserve forces before they actually separate from Federal service.

However, due to present legal provisions concerning the administration of oaths, Hawaii is the only State in the nation unable to take advantage of this program.

This bill would facilitate recruitment of prior service personnel and assist the Hawaii National Guard in maintaining its personnel strength commitments.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 3198 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. 1938 Military and Civil Defense on S.B. No. 3199

The purpose of this bill is to extend the time period in which to brief new guard members on the Hawaii Code of Military Justice.

Under current law, Section 124A-163, Hawaii Revised Statutes (HRS), requires that a new guard member be briefed on specific sections of the Hawaii Revised Statutes relating to the Hawaii Code of Military Justice within a 30-day period from the time of induction. This bill extends the 30-day period to 90 days.

The Department of Defense testified that the 30-day period in which to explain the specific sections of the Hawaii Code of Military Justice is difficult to comply with. First of all there are, at the most, only two drill days in the 30-day period to brief new members. Secondly, the guard member has other mandatory training requirements to fulfill during the two-day training period.

The change from 30 to 90 days to fulfill the statutory requirement to brief new guard members would make the administration of Section 124A-163, HRS, less difficult and more realistic.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 3199 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. 1939 Military and Civil Defense on S.B. No. 3200

The purpose of this bill is to change the title of the Hawaii State Guard to the Hawaii State Defense Force.

This bill amends various sections of the Hawaii Revised Statutes (HRS) by substituting the term "state defense force" wherever the term "state guard" appears.

Presently, states with active state defense forces with title designations similar to their state National Guard are experiencing confusions in the proper identification of their forces. Such confusions impact public identification requirements and the command, operations and administration of those forces.

A change in title will eliminate future confusions in identity between the Hawaii State Guard, Hawaii Army National Guard, and Hawaii Air National Guard -- should the Hawaii State Guard be activated. A title change would also place Hawaii in conformity with national title designations for state defense forces.

Your Committee has amended the bill by including Section 121-3, HRS, which also makes reference to the term "state guard".

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 3200, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3200, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 1940 Military and Civil Defense on S.B. No. 1581

The purpose of this short form bill is to amend the Hawaii Revised Statutes relating to the military.

Your Committee has amended the bill by inserting an amendment to Section 476-26, Hawaii Revised Statutes, which eliminates an inconsistency relating to the removal of a motor vehicle by a member of the armed forces from the island where the motor vehicle was first purchased.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 1581, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1581, S.D. 1, and be recommitted to the Committee on Military and Civil Defense for further consideration.

Signed by all members of the Committee except Senator George.

SCRep. 1941 Corrections on S.B. No. 2055

The purpose of this bill is to repeal the statute which authorizes the use of prisoners to remove nuisances.

Under section 322-5, Hawaii Revised Statutes, the Department of Health is authorized to use prisoners to remove nuisances and causes of sickness. The statute dates back to 1869 and your Committee finds that it is no longer consonant with sound public health and correctional policies. Nuisances, and especially hazardous nuisances, should be handled by trained personnel in order to protect the public health and prisoners should not be exposed to unreasonable risks while in State custody.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 2055 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1942 Corrections on S.B. No. 2810

The purpose of this bill is to substitute references to the Department and the Director of Social Services and Housing with the Department and the Director of Corrections in Chapter 354, Hawaii Revised Statutes.

Chapter 354, Hawaii Revised Statutes, currently contains references to the Department of Social Services and Housing and the Director of Social Services and Housing. This bill substitutes all the respective references with the Department of Corrections and the Director of Corrections.

Your Committee received supporting testimony from the Department of Corrections and finds the bill ensures that the appropriate agency is given its proper responsibilities.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 2810 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1943 Business Development and Pacific Relations on S.B. No. 3233

The purpose of this bill is to amend the laws of the State relating to enterprise zones.

Your Committee has amended this short form bill by inserting definitions of "average number of full-time employees," "full-time employees," and "establishment" to Section 209E-2, Hawaii Revised Statutes.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 3233, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 3233, 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.

SCRep. 1944 Consumer Protection and Commerce on S.B. No. 2114

The purpose of this bill is to expand the coverage of Chapter 26H, Hawaii Revised Statutes, to include additional regulatory programs for periodic evaluation to determine whether they should be continued, modified, or terminated.

Specifically, this bill will add Chapter 446 relating to debt adjusters to be repealed effective December 31, 1992. The bill also adds Sections 445-21 to 38 relating to auctions, Sections 445-131 to 136 relating to pawnbrokers, Sections 445-171 to 172 relating to secondhand dealers, and Sections 445-231 to 235 relating to scrap dealers, to be repealed effective December 31, 1992.

This bill would give the Legislative Auditor authority to evaluate these programs, submit an evaluation report to the Legislature prior to the repeal date, and make recommendations for improving policies, procedures, and practices.

Your Committee finds that the "sunset" law provided for in Chapter 26H has led to significant improvements in regulatory programs and that expanding the law to include the programs as provided in this bill will promote efficient and responsive regulation or termination of unwarranted regulation.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2114 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 Fernandes Salling and Tungpalan.

SCRep. 1945 Consumer Protection and Commerce on S.B. No. 2870

The purpose of this bill is to provide graduates of foreign medical schools with an alternate method of qualifying for a Hawaii medical license.

Under current law, in order to obtain a license to practice medicine in Hawaii, a graduate of a foreign medical school must (1) have at least two years of residency in an approved program; (2) hold the national certificate of the Educational Commission for Foreign Medical Graduates (ECFMG); or the Certificate of the Fifth Pathway Program; and (3) pass the Federation Licensing Examination (FLEX).

This bill would allow licensure to foreign medical graduates who have (1) passed the FLEX; (2) passed the qualifying examination of the ECFMG prior to 1984; and (3) have at least three years of training or experience in an approved hospital. The major difference in qualifications proposed by this bill is that the applicant need not have the certificate of the ECFMG but instead must only present evidence of passing the ECFMG examination.

Testimony presented by the Hawaii Medical Association indicated that in order to obtain an ECFMG certificate, a person must, in addition to passing the appropriate examinations, document the completion of all educational requirements to practice medicine in the country in which the medical education was completed, or if the person is a national of the country in which the education was completed, obtain an unrestricted license to practice medicine in that country. The testimony further indicated that there may be good reason for a foreign trained physician not to be eligible for, or not to have obtained, a license in the country where the person was trained. However, under the current law, whatever the reason, the person would be ineligible to obtain an ECFMG certificate, and therefore, ineligible for Hawaii licensure. This bill would allow such a person, who is otherwise qualified as provided in the bill, to obtain a license to practice medicine in Hawaii.

Your Committee received supporting testimony from the Director of Health, who noted that the bill does not lessen the qualifications for licensure but merely eliminates the requirement for the ECFMG certificate for applicants who have passed all examinations required for the certificate. The Department of Health strongly supported the bill because it has the potential to increase the number of trained physicians available for recruitment for Department of Health vacant positions.

Favorable testimony was also received from the Board of Medical Examiners and the Hawaii Medical Association with the reservation that the Board of Medical Examiners should be given the discretion to examine all circumstances surrounding the failure to obtain an ECFMG certificate before granting a license. Your Committee is in agreement that the Board should be given discretion in granting exceptions to the normal requirements and, therefore, has amended the bill appropriately. The bill has been further amended to add the word "of" between the words "years" and "medical" on line 10 of the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2870, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2870, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and Tungpalan.

SCRep. 1946 Consumer Protection and Commerce on S.B. No. 2789

The purpose of this bill is to require applicants for a license to practice chiropractic to pass the National Board of Chiropractic Examiners' Written Examination and Written Clinical Competency Examination (WCCE).

Currently, Section 442-6, Hawaii Revised Statutes, requires applicants to pass parts I and II of the National Board of Chiropractic Examiners' examination in order to qualify for the state chiropractic examination. This bill will specify that applicants must pass both the Written Examination and the WCCE.

Your Committee heard supporting testimony from the Board of Chiropractic Examiners stating that the WCCE is designed to assess clinical competence and skills that are nationally accepted as necessary in light of common practice requirements. It is an objective examination which will be administered and defended by a national agency. Furthermore, it will reduce the scope of the practical examination now administered by the State since some test areas overlap; thus it will reduce potential liability for the State. Moreover, the WCCE has been accepted by over fifty percent of the state boards in the nation.

Your Committee finds that it is in the best interest of the public welfare that applicants be required to pass both the Written Examination and the WCCE, in order to ensure that they are qualified to practice chiropractic.

Your Committee has amended the bill by specifying the effective date to be November 1, 1988, and by making non-substantive technical changes for the purpose of clarity and style.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2789, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2789, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling, Tungpalan and A. Kobayashi.

SCRep. 1947 Consumer Protection and Commerce on S.B. No. 2782

The purpose of this bill is to correct technical errors and omissions in the Insurance Code (Acts 347, 348 and 349, Session Laws of Hawaii 1987) and to correct section references to the Insurance Code found in other chapters of the Hawaii Revised Statutes (HRS).

Testimony given by the Insurance Division of the Department of Commerce and Consumer Affairs supported passage of this bill. The Hawaii Insurers Council submitted testimony which suggested that the bill be amended to include a section specifically repealing those sections in Act 347 that are duplicated in Acts 348 or 349; and to amend Section 12 of the bill to delete motor vehicle insurance from the application of the casualty rating law and make corresponding amendments to the motor vehicle rating law.

Your Committee, while taking note of the Hawaii Insurers Council's concern about duplication of sections, believes the enactment language of Acts 347, 348 and 349 is sufficient to direct the Revisor of Statutes that the sections in Acts 348 and 349 supercede the corresponding sections in Act 347. In addition, while your Committee does not agree or disagree that the motor vehicle insurance rating law and the casualty rating law should be separate, your Committee believes that issue is beyond the scope of this bill covering only technical revisions. Therefore, your Committee has amended the bill by deleting Section 12. The deletion will result in the application of the casualty rating laws to motor vehicle rates except where otherwise provided in Article 10C, as is currently the case under Chapter 431, HRS.

It has also come to the attention of your Committee that in section 431:6-301 of the Insurance Code, governing public obligations, reference to the African Development Bank was inadvertently omitted from subsection (b). Your Committee has therefore amended the bill to include a section amending Section 431:6-301(b).

Your Committee has further amended the bill to 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. 2782, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2782, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling, Tungpalan and A. Kobayashi.

SCRep. 1948 Ways and Means on S.B. No. 1637

The purpose of this bill is to settle unresolved issues regarding the office of Hawaiian affairs and public land trusts.

Your Committee has amended this short form bill to statutorily implement the resolution of issues associated with the proper and just ceded lands entitlement of the office of Hawaiian affairs. The bill provides that:

- (1) Control over real and personal property set aside and transferred to the office of Hawaiian affairs be held in a perpetual trust for native Hawaiians; and
- (2) "Net proceeds and net income" (rather than "funds") from the public trust be expended for the betterment of conditions for native Hawaiians by an unspecified per cent of the proceeds of all sales, leases, or other disposition of lands (rather than the "funds") from the public land trust.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1637, as amended herein, and recommends that it pass First Reading in the form attached hereto as S.B. No. 1637, 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 Fernandes Salling, Hagino, Nakasato, Young and Ikeda.

SCRep. 1949 Business Development and Pacific Relations on S.B. No. 3187

The purpose of this bill is to eliminate the requirement for the Department of Business and Economic Development (DBED) to publish annual statistical boundaries reports.

Currently, Section 26-18, Hawaii Revised Statutes, requires the DBED to publish an annual up-to-date list of cities, towns, and villages for which statistical boundaries have been set. The boundaries are assigned only for statistical purposes and confer no legal or independent governmental status to the areas defined.

Modifications in statistical boundaries were originally used by the U.S. Bureau of the Census to update census tract boundaries to better reflect changes in the distribution of population within the State. Thus, few boundary changes are made between censuses. In fact, no boundary changes have been made since 1980.

Your Committee finds that annual statistical boundaries reports are not necessary, especially since the most recent data are available in the annual issue of the State of Hawaii Data Book. Your Committee finds further that this bill will reduce the cost of the statistical program by requiring the DBED to issue a statistical boundaries report only after changes have been made.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 3187 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1950 Business Development and Pacific Relations on S.B. No. 3186

The purpose of this bill is to require developers of condominium projects developed under the enabling statutes of the Hawaii Community Development Authority (Chapter 206E, Hawaii Revised Statutes), to comply with the requirements of Part VI of Chapter 514A, Hawaii Revised Statutes.

Part VI of Chapter 514A, Hawaii Revised Statutes, requires developers to offer to sell at least fifty percent of the units in a condominium project to prospective owner-occupants. The various provisions of Part VI are designed to give notice to potential owner-occupants of the availability of condominium units and to establish procedures to ensure that owner-occupants are given preference in purchasing at least fifty per cent of the units in a project. The intent of the law is to allow potential owner-occupants a reasonable opportunity to purchase units and thereby place some restraints on sales to investors and speculators.

Section 514A-108, Hawaii Revised Statutes, exempts projects developed under certain provisions of Hawaii law, including Chapter 206E, from the requirements of Part VI of Chapter 514A. The exemption was apparently intended to apply to projects developed in accordance with certain government sponsored housing programs.

Your Committee received supporting testimony from the Hawaii Community Development Authority and finds that the exemption for projects developed under Chapter 206E should be removed because such projects may include market priced units developed by private developers as well as government sponsored projects. The application of the owner-occupant sale requirement to market priced units is in keeping with the intent of the law.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 3186 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1951 Consumer Protection and Commerce on S.B. No. 2099

The purpose of this bill was to preserve the privacy of condominium owners and tenants by restricting the right of condominium agents to enter apartments.

A condominium agent is defined as a resident manager, managing agent, board member, or any of their agents. The bill would require any such person to obtain the written consent of the apartment owner or tenant to enter the apartment and to enter at a reasonable time. An owner or tenant would have the right to refuse entry and recover reasonable damages and court costs if the law were violated.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and several apartment owners and finds that this bill is consistent with your Committee's continuing efforts to ensure the privacy of apartment dwellers whenever appropriate and possible. However, your Committee has reservations about restriction of entry in certain situations and inconsistencies with the landlord-tenant code, which requires forty-eight hour notice of proposed entries. Therefore, your Committee has amended the bill by:

- (1) Providing a definition of "emergency situations," meaning those situations in which the safety of the building or its inhabitants is in jeopardy;
- (2) Providing that entry shall take place no earlier than forty-eight hours after receipt of the written consent;
- (3) Authorizing condominium agents to enter an apartment without written consent in emergency situations, for repairs, and for routine maintenance of common elements, and providing remedies for unreasonable refusal to allow entry for such purposes;
- (4) Expressly prohibiting condominium agents from removing or disturbing any object, including pets, fixtures, furniture, or any other property of the owner or tenant except as necessary for emergency repairs or routine maintenance; and
- (5) Rewriting Section 1 of the bill to reflect the amendments relating to entry in emergency situations and for routine maintenance.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2099, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2099, 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. 1952 Consumer Protection and Commerce on S.B. No. 2483

The purpose of this bill is to clarify that medical professional corporations may obtain liability coverage under interindemnity arrangements meeting the requirements of Chapter 435E, Hawaii Revised Statutes.

Currently, Section 415A-11(c) provides that professional corporations may provide security for professional responsibility by procuring insurance or a surety bond. This bill clarifies that security may also be provided by coverage under Chapter 435E, which authorizes physicians and surgeons to form cooperative corporations for the purpose of entering into interindemnity arrangements to secure themselves against medical malpractice claims.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs, and has adopted its recommendations by making nonsubstantive language changes for the purpose of clarity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2483, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2483, 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. 1953 Consumer Protection and Commerce on S.B. No. 2794

The purpose of this bill is to clarify and update various provisions of the law relating to medicine and surgery.

Specifically, this bill amends Chapter 453, Hawaii Revised Statutes by:

- (1) Replacing the various branches of the military with the words "armed forces" in Section 453-2(3);
- (2) Deleting reference to a statutory provision that has been repealed in Section 453-3(4);
- (3) Changing the title of Section 453-4 to read "Qualifications for examination and licensure";
- (4) Clarifying the Board of Medical Examiner's authority to deny certification of physician assistants in Section 453-5.3(g);
- (5) Deleting Section 453-6.5 relating to proctoring fees for out-of-state candidates since it is obsolete; and
- (6) Allowing the Board of Medical Examiners to take disciplinary action against a licensee based upon disciplinary action taken by a federal agency in Section 453-8(a)(11).

Your Committee received supporting testimony from the Board of Medical Examiners and on its recommendation, has amended the bill to include amendments to Sections 453-5.3(d) and 453-32.5, Hawaii Revised Statutes, to specify that temporary certification for physician assistants and emergency ambulance personnel shall be limited to applicants who have graduated from an approved training program within twelve months of the date of application.

The purpose of the amendment is to avoid granting temporary certification to applicants whose knowledge and skills have deteriorated because of the length of time which has passed since they completed their training.

Your Committee has further amended the bill by making technical and minor language 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. 2794, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2794, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 1954 Consumer Protection and Commerce on S.B. No. 2796

The purpose of this bill is to provide the Department of Commerce and Consumer Affairs (DCCA) the authority to establish fees by rule.

Under current law, the fees for examination and licensure are set by statute. This bill, which allows the DCCA to set fees by rule, gives the DCCA more flexibility in setting the fees for application, examination, license renewal, restoration of license, and for limited and temporary licenses for pilotage.

This bill also deletes motorboats from the exempt vessels provision because the federal statutory definition has been repealed and has not been replaced with a new definition, and makes a nonsubstantive change to clarify the language of section 462A-3, Hawaii Revised Statutes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2796 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 Fernandes Salling.

SCRep. 1955 Consumer Protection and Commerce on S.B. No. 2803

The purpose of this bill is to ensure the continued smooth functioning of the Medical Claims Conciliation Panel process and the Design Claims Conciliation Panel process.

Currently under sections 671-13 and 672-5, Hawaii Revised Statutes, members of the Medical Claims Conciliation Panel and the Design Claims Conciliation Panel have the authority to sign subpoenas. This bill will expand the authority to sign subpoenas to the Director of the Department of Commerce and Consumer Affairs and any person designated by the director.

Historically, the executive secretary of the panels have signed subpoenas for records. However, the Hawaii Supreme Court has recently ruled that under the literal words of the respective statutes, only the panels themselves could sign subpoenas. This construction of the statutes poses substantial administrative problems for the department. Since panels are often not appointed until a case is ready for hearing, the inability of departmental personnel to sign subpoenas makes it difficult, if not impossible, to schedule hearings. This bill will permit the long-standing practice of having the subpoenas signed by the departmental personnel.

Your Committee has amended the bill to 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. 2803, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2803, 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. 1956 Transportation on S.B. No. 2844

The purpose of this bill is to provide the owner of an impounded vessel an opportunity for an administrative hearing prior to disposition of the vessel.

Under current law, the Department of Transportation (DOT) may, seventy-two hours after posting a notice to remove any unauthorized vessel from a state harbor, impound the vessel at the cost and risk of the owner of the vessel.

This bill requires the DOT, within seventy-two hours of impoundment, to notify the registered owner or operator of the impoundment of the unauthorized vessel. The owner or operator has ten days after receipt of the notice to request an administrative hearing. This hearing is to allow the owner or operator to contest the basis given by the DOT for the administrative impoundment of the vessel. The hearing must be held within seventy-two hours of the DOT's receipt of the hearing request.

Your Committee concurs with the DOT's testimony that the owner of an impounded vessel is entitled to an administrative hearing.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2844 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. 1957 Transportation on S.B. No. 2840

The purpose of this bill is to give the Department of Transportation (DOT) the statutory authority to regulate the anchoring or mooring of houseboats.

Under current law, citizens must obtain a written permit from the Department of Transportation before erecting, sinking or abandoning any type of watercraft or sizeable object. There is no mention of houseboats that are modified for living purposes. This bill restricts the owners of houseboats from anchoring, mooring, or otherwise placing them within ocean waters or navigable streams of the State. This bill also authorizes the Director of the DOT to adopt rules regulating the offshore anchoring and mooring of vessels, including:

- (1) designation of mooring areas;
- (2) licensing and registration of vessels and issuance of permits for mooring;
- (3) living aboard moored vessels.

The additional revenues generated from the offshore mooring permits will be deposited in the boating special fund.

Your Committee recognizes the importance of maintaining water safety and protecting the environment. This bill would allow the DOT to set standards for proper waste disposal and construction of houseboats.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2840 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. 1958 Transportation on S.B. No. 2838

The purpose of this bill is to provide the Director of Transportation the authority to commission County employees to assist with the enforcement of State laws and rules in waters fronting County beaches.

Under Section 266-24, Hawaii Revised Statutes, the Director of Transportation is authorized to confer the powers of police officers on any officer, employee, or representative of the Department of Transportation to assist with the enforcement of State laws and rules relating to water safety.

The Department of Transportation testified that it does not have enough marine patrol officers to effectively enforce water safety laws and rules, including the thrill craft law. This bill will significantly increase the enforcement of water safety laws and rules by allowing the power of police officers to be conferred on County employees.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2838 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. 1959 (Joint) Agriculture, Energy and Ocean Resources and Public Utilities on S.B. No. 2362

The purpose of this bill is to provide further incentives to electric utilities to seek the development and use of nonfossil fuel sources of electric energy.

This bill provides a mechanism for interim rate increases to cover the cost of capacity payments to such sources, criteria for such increases, and a provision for public hearings at the discretion of the Public Utilities Commission (PUC).

Under current law and practice, electric utilities are not permitted to recover firm capacity payments actually being made to non-utility energy producers until the electric utility's next rate case. This bill would provide the PUC the discretion to allow the electric utility to recover the firm capacity payments on an interim basis until the electric utility's next rate case. This interim rate relief would properly compensate the electric utilities and would encourage the development and maintenance of non-fossil fuel sources for the generation of electricity.

Your Committees have amended this bill to provide for more public involvement in the process by inserting the words "and notification of its customers" between the words "public," and "the commission" on line 20, page 3. The amendment will give the public advance notice of a proposed rate increase and allow the PUC to assess public response in deciding whether or not a public hearing is necessary.

Your Committees on Agriculture, Energy and Ocean Resources and Public Utilities are in accord with the intent and purpose of S.B. No. 2362, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2362, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 1960 Human Services on S.B. No. 2336

The purpose of this bill is to prevent discrimination against the blind and visually impaired.

Under current law, discrimination against the blind and visually impaired is prohibited and penalties for discrimination are provided. This bill clarifies that businesses and agencies are within the purview of section 347-13, Hawaii Revised Statutes, and that discrimination is a misdemeanor.

Your Committee received supporting testimony from the Department of Transportation, the Centers for Independent Living, the Commission on the Handicapped, the Paralyzed Veterans, the Aloha Council of the Blind and Visually Impaired, and the Eye of the Pacific Guidedogs & Mobility Services, and finds that the bill provides for equal treatment of the blind and visually impaired in public facilities and conveyances.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 2336 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1961 Government Operations on S.B. No. 2152

The purpose of this bill is to repeal Chapter 62, Hawaii Revised Statutes (HRS).

Chapter 62, HRS, relating to county officers was enacted before the counties of Maui, Kauai and Hawaii had their own charters. Their charter provisions cover the same subject areas pertaining to county officers as is contained in Chapter 62, HRS. Further, Article VIII, Section 2 of the State Constitution gives the county charters superiority over statutory provisions.

This bill would repeal Chapter 62 and create a new section which provides that the officers of each county shall be as provided by county charter or ordinance.

Your Committee finds that this bill would bring the statutes in conformity with Article VIII, section 2, of the Hawaii Constitution and eliminate duplicative and possibly conflicting aspects of the law.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2152 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 Fernandes Salling and George.

SCRep. 1962 Government Operations on S.B. No. 2154

The purpose of this bill is to consolidate Parts I and II of Chapter 52, Hawaii Revised Statutes (HRS), into a single part which is equally applicable to the police departments of every county and to eliminate obsolete, conflicting and otherwise unnecessary provisions from the present law.

Your Committee finds that this bill would streamline and make uniform the law relating to the police departments of the various counties and eliminate obsolete and unneeded provisions from the existing law. Your Committee heard testimony from the County of Maui generally supporting the purposes of the bill, but pointing out that the deletion of the provisions relating to service of process may adversely affect the County of Maui, where both civil and criminal process continues to be served by police officers. Your Committee also heard testimony from the City and County of Honolulu, which likewise supported the general purposes of the bill but pointed out particular provisions of the current law and the bill which are in conflict with the Charter of the City and County of Honolulu. Finally, your Committee heard testimony from the State of Hawaii Organization of Police Officers (SHOPO) pointing out areas where both the current law and the bill might be interpreted to contravene existing collective bargaining agreements.

Your Committee asked for assistance in redrafting the chapter and received tremendous cooperation. An ad hoc committee was formed by: Chief of Police Joseph C. Cravalho, County of Maui; Chief of Police Guy A. Paul, County of Hawaii; Chief of Police Calvin C. Fujita, County of Kauai; Deputy Police Chief Warren Ferreira, City and County of Honolulu; Major Leslie Moon, City and County of Honolulu; Tim Liu, Esq., legal advisor for the Honolulu Police Department; and Georgianna Alvaro, Esq., legal advisor for SHOPO. Your Committee wishes to acknowledge the time and efforts of the ad hoc committee members and express its appreciation.

This bill, as amended, adds a new chapter to the HRS on police departments. This amended version of the bill streamlines and makes uniform the law relating to police departments, and addresses the various concerns expressed by the testifiers.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2154, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2154, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and George.

SCRep. 1963 Government Operations on S.B. No. 3000

The purpose of this bill is to amend Section 281-78(a), Hawaii Revised Statutes (HRS), to allow intoxicating liquor to be sold or furnished, by a licensee, for consumption in vehicles which are not licensed to travel on public highways.

The present law prohibits liquor to be consumed by any person in any vehicle on the licensed premises. This bill prohibits the consumption of liquor by any person in any vehicle which is licensed to travel on public highways, thus allowing the consumption of liquor in vehicles not licensed to travel on public highways.

Your Committee heard testimony from the Hawaii Hotel Association in support of the bill. The testimony noted that the bill will permit resort hotels to serve liquor to guests in vehicles, such as gondolas or horse-drawn carriages, on their premises.

Your Committee also heard testimony from the Hawaii Transportation Association, requesting amendments to narrow the prohibition to "motor vehicles," instead of "vehicles," and to reference the exception in Section 291-3.4, HRS. Your Committee agreed with the second recommendation and has amended the bill to include the cross reference. Your Committee retained the broader term "vehicle," instead of "motor vehicle," in the absence of testimony that only motor vehicles are licensed to travel on public highways.

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

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 3000, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3000, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and George.

SCRep. 1964 Transportation on S.B. No. 2673

The purpose of this bill is to require the Director of Transportation to review and approve all of the Comptroller's decisions and activities relating to parking facilities and fees.

Under present law, the Department of Accounting and General Services has jurisdiction over parking facilities and fees in the State Capitol district in Honolulu and the civic centers for Lihue, Wailuku, and Hilo. This bill will ensure that the decisions and activities relating to parking will comply with the policies of the Department of Transportation, such as the policy on ridesharing.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2673 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. 1965 Ways and Means on S.B. No. 2837

The purpose of this bill is to increase the excise tax credit formula to keep up with inflation. As the law currently stands, the tax credit is graduated and phases out entirely for taxpayers having adjusted gross incomes above \$20,000. The proposed change would enlarge the brackets and allow the credit to apply to adjusted gross incomes below \$30,000.

Your Committee received favorable testimony from the department of taxation, which pointed out that since 1965, when the credit was first enacted, the percentage of tax returns to which the credit would be applicable declined as more taxpayers moved into higher brackets. Your Committee agrees with the department of taxation and finds that this bill will provide appropriate tax relief.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2837 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 Fernandes Salling.

SCRep. 1966 Ways and Means on S.B. No. 2836

The purpose of this bill is to permit the retention of state income tax refunds of individuals owing delinquent federal income taxes to the United States Treasurer.

Under present law, the retention of state income tax refunds is permitted for those persons owing a debt to the State, who are delinquent in the payment of child support, or who have defaulted on an education loan note held by the United Student Aid Funds, Inc. The State, through the department of accounting and general services, and at the request of a claimant agency, sets off any valid debt due and owing against the debtor's income tax refund. The department of accounting and general services is required to notify the debtor of the setoff and to advise the debtor of the right to a hearing with the claimant agency to contest the setoff. This bill would allow the department of taxation to be a claimant agency when acting on behalf and at the request of the Internal Revenue Service for purposes of retaining the state income tax refunds of persons owing delinquent federal income taxes.

The department of taxation testified that this will improve cooperative efforts between the state and federal tax agencies and, in the future, could develop into a reciprocal refund offset program which would enable the State to collect delinquent income taxes through an offset of federal income tax refunds. Such an offset would result in additional revenue for the State.

Your Committee has made technical, nonsubstantive changes to the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2836, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2836, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 1967 Ways and Means on S.B. No. 2835

The purpose of this bill is to change the dates the council on revenues is required to report its estimate of total state personal income from July 15 and October 15 to July 20 and October 20, respectively.

Your Committee agrees with testimony presented indicating that the reporting dates should be revised so the council on revenues has sufficient time to prepare its estimates since they now receive from the United States Department of Commerce at a later time the data upon which the council bases its estimates.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2835 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 Fernandes Salling.

SCRep. 1968 Ways and Means on S.B. No. 2834

The purpose of this bill is to increase the penalty for the failure to pay a tax where any underpayment is due to negligence or intentional disregard of rules from 10 per cent to 25 per cent of the underpayment as determined by the director, to reduce the time period for paying a tax after filing a return from ninety days to sixty days after the filing, and to increase the penalty for nonpayment within this period from ten per cent to twenty per cent.

Your Committee heard testimony from the Department of Taxation that certain groups of taxpayers file their tax returns on a timely basis, but consistently fail to pay taxes in full until after a period of ninety days has passed. In many cases, these taxpayers continue to delay payment until the department undertakes extreme measures such as imposing liens and attaching assets. These actions are costly; and the cost ultimately falls on all taxpayers, shifting the tax burden to those taxpayers who comply with the law and pay their taxes on a timely basis. The department indicated that this bill will give it an effective tool to enforce the State's tax laws and will encourage taxpayers to pay their taxes within the prescribed time.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2834 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 Fernandes Salling.

SCRep. 1969 Ways and Means on S.B. No. 2832

The purpose of this bill is to clarify the existing law relating to the imposition of franchise taxes on banks and other financial institutions doing business in the State, particularly during the first year and last year of operations, and in cases of mergers or acquisitions of financial institutions.

Currently, under chapter 241, Hawaii Revised Statutes, a franchise tax of 11.7 per cent is imposed against the taxpayer's net income from all sources for the preceding calendar year or fiscal year. According to the director of taxation, under existing law there is no method in place to establish the measure of the franchise tax for the initial year of a bank or financial institution's operations. As a result, the bank or financial institution need not pay the franchise tax on its net income for its first year of operation. Similarly, a bank or financial institution need not pay the franchise tax of its net income in excess of the previous year's income which is the year the tax is computed, for its final year of operation. Thus, in both scenarios there would be a loss of revenues to the State.

The bill as proposed requires banks and other financial institutions to file an estimated return of the taxes due for the first and second years of operation and an amended return after the close of those years to reflect the actual net income received. Further, a short year return is required to be filed whenever a bank or financial institution terminates its business operations, to reflect the actual net income for its final year of operations as opposed to the tax paid at the beginning of the year based on the prior year's income. The bill also provides measures for the taxation of banks or financial institutions whenever there is an acquisition by another company, or a merger or consolidation of companies.

Your Committee believes that the bill as proposed will clarify the existing law relating to imposition of the franchise tax on banks and other financial institutions, particularly to those situations described herein, and prevent the loss of revenues to the State.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2832 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 Fernandes Salling.

SCRep. 1970 Ways and Means on S.B. No. 2831

The purpose of this bill is to clearly provide an exemption for producers producing tangible personal property which is later sold out-of-state. This bill proposes to correct a bill drafting error in Act 239, Session Laws of Hawaii 1987.

The general excise tax exemption in section 237-29.5 as granted by Act 239 does not apply to the privilege of producing products sold for delivery outside the State or shipped or transported out of the State for the purchaser's or the taxpayer's use or consumption in business. This bill, in deleting the reference to section 237-13(2)(A), Hawaii Revised Statutes, will provide the exemption and will amend the statute to conform to the intent of the department of taxation and the Legislature in enacting section 237-29.5, Hawaii Revised Statutes.

Your Committee has corrected a typographical error in the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2831, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2831, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 1971 Ways and Means on S.B. No. 2829

The purpose of this bill is to clarify the computation of the capital gains tax rate and conform the method of state taxation of net capital gains of corporations more closely with the Internal Revenue Code.

Your Committee received testimony from the department of taxation that this bill will:

- (1) Benefit the taxpayer by making instructions for net capital gains clearer;
- (2) Assure compliance with federal alternative tax provisions; and
- (3) Result in the filing of more accurate income tax returns, thereby benefitting the tax department's audit section.

Your Committee has made technical nonsubstantive amendments to reflect changes to section 235-2.3(b) made by laws enacted during the last regular session.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2829, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2829, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 1972 Ways and Means on S.B. No. 2825

The purpose of this bill is to adopt all of the provisions of the Internal Revenue Code section operative for state tax computation, as amended by Public Law 100-203, the Revenue Act of 1987.

Your Committee adopts as its findings, testimony submitted by the department of taxation dated February 17, 1988. This bill is also supported by the tax committees of the Hawaii Society of Certified Public Accountants and the Chamber of Commerce of Hawaii and the tax section of the Hawaii State Bar Association.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2825 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 Fernandes Salling.

SCRep. 1973 Ways and Means on S.B. No. 2603

The purpose of this bill is to exempt from the state income tax intangible income from foreign holding companies one hundred per cent of whose stock is owned by a trust sited in this State, to the extent that the trust beneficiaries reside outside the State.

This bill is a further modification to a 1986 amendment to section 235-4.5, Hawaii Revised Statutes, designed to make Hawaii's trust industry competitive with other states. Under current law, intangible income arising from a foreign holding company is treated as ordinary income for state tax purposes.

Your Committee heard testimony in favor of this bill from several organizations. The consensus of this testimony was that this bill will attract new trust business to Hawaii that will: generate new revenue in the form of fees, administration charges, and capital available for investment; create new jobs; expand the financial services industry; and have no impact on the environment.

Your Committee has made this bill apply to taxable years beginning after December 31, 1987 to provide greater clarity for administrative purposes. Your Committee also revised the bill by making technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2603, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2603, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1974 Ways and Means on S.B. No. 2328

The purpose of this bill is to allow the State to deposit funds in federal or state credit unions insured by the National Credit Union Administration.

Your Committee finds that such an option left to the official responsible for the investment of public funds would benefit the State.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2328 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1975 Ways and Means on S.B. No. 2365

The purpose of this bill is to provide for an income tax credit to satisfy a constitutionally mandated requirement that a tax refund or tax credit be granted by the legislature when certain conditions are met.

Your Committee received testimony from the department of taxation that the return to taxpayers of \$50 per qualified exemption is too generous, and that the funds could be used in other, better ways. Your Committee has amended the bill in light of this testimony by changing the amount of the credit from \$50 to \$1.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2365, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2365, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1976 Ways and Means on S.B. No. 2051

The purpose of this bill is to repeal the law exempting from taxes and fees income from certain mortgage loans made before 1964.

Testimony presented by the director of taxation indicated no opposition to the repeal of this obsolete chapter. The Tax Foundation of Hawaii indicated that repeal of this section of the law would not affect unknown taxpayers that might have utilized this law.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2051 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1977 Labor and Employment on S.B. No. 2269

The purpose of this bill is to create salaried executive director and deputy executive director positions to be appointed by the Board of Trustees of the Employees' Retirement System of the State of Hawaii.

Section 88-29, Hawaii Revised Statutes, currently provides for the appointment of a secretary by the Board of Trustees. This bill deletes reference to a secretary and instead authorizes the Board of Trustees to appoint an executive director and a deputy executive director at salaries of \$61,560 a year and \$55,404 a year, respectively.

Your Committee amended the bill by making nonsubstantive changes for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 2269, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2269, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1978 Labor and Employment on S.B. No. 2268

The purpose of this bill is to allow beneficiaries of certain public employees who die in service an option in the manner in which death benefits are paid under the Employees' Retirement System.

Under Section 88-84, Hawaii Revised Statutes, if a contributory member of the Employees' Retirement System dies in service with at least ten years of credited service but is ineligible for a service retirement benefit, the member's beneficiary is entitled to an ordinary death benefit payable in a single payment. This bill provides such a beneficiary the option of electing to receive a lifetime benefit instead of a lump sum death payment.

Your Committee received testimony from the Employees' Retirement System and the City and County of Honolulu which stated that the option provided by this bill is currently available to beneficiaries of non-contributory members. Your Committee finds that it would be equitable to allow beneficiaries of contributory members the same option.

Your Committee has amended the bill by making nonsubstantive changes to conform to the statutes and recommended drafting style.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 2268, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2268, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1979 Labor and Employment on S.B. No. 3231

The purpose of this bill is to clarify the certification of veterans for civil service positions by the Department of Personnel Services.

Under section 76-23, Hawaii Revised Statutes, the Director of the Department of Personnel Services certifies a list of eligibles for all vacant civil service positions. Pursuant to the law, veterans whose examination scores after the application of the veterans' preference equal or exceed the examination score of the fifth certified eligible are also certified. This bill changes "fifth" eligible certified to "last" eligible certified.

Your Committee received supporting testimony from the Director of Personnel Services and finds that the Director currently certifies veterans whose examination scores after the application of the veterans' preference equals or exceeds the examination score of the last eligible certified, rather than the examination score of the fifth eligible certified when more than one vacant position is to be filled. The bill amends the law to reflect the current practice of the department which correctly applies the intent of the law.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 3231 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1980 Labor and Employment on S.B. No. 3168

The purpose of this bill is to transfer the responsibility for the preparation and submission of the financial status report of the special unemployment insurance administration fund from the Director of Finance to the Director of Labor and Industrial Relations.

Under present law, the Department of Labor and Industrial Relations administers the unemployment insurance program and maintains its records and the Director of Finance is responsible for preparing and submitting the financial status

report of the special unemployment insurance administration fund to the Legislature each year. Because the Department of Labor and Industrial Relations administers the program, your Committee finds that the Director of Industrial Relations is the more appropriate official to have responsibility for reporting to the Legislature.

Your Committee has amended the bill to correct a typographical error.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 3168, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3168, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1981 Labor and Employment on S.B. No. 2907

The purpose of this bill is to make it unlawful to transport explosives, including fireworks and pyrotechnic devices, to any area within the State where its use is prohibited.

Current law does not specifically prohibit the transportation of explosives, fireworks, and pyrotechnic devices to any island or county where use is prohibited. This bill makes such transportation unlawful and imposes penalties.

Your Committee received supporting testimony from the Department of Labor and Industrial Relations and finds that the bill protects the public health, safety, and welfare.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 2907 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1982 Labor and Employment on S.B. No. 2822

The purpose of this bill is to conform the unemployment insurance law to changes in the Hawaii Penal Code relating to felony and misdemeanor theft.

Under section 383-141, Hawaii Revised Statutes, if the value of unemployment insurance (UI) benefits obtained fraudulently is \$200 or more the individual is charged with a Class C felony in conformance with Penal Code classifications prior to January 1, 1987. However, the Penal Code was amended effective January 1, 1987, so that, to be considered a Class C felony theft, the value of the property or services must exceed \$300. This bill amends the UI law so as to remain consistent with the Penal Code.

Your Committee received supporting testimony from the Department of Labor and Industrial Relations and finds that the standard for criminal prosecution of UI fraud cases is based upon the definitions and classifications of theft as provided in the Hawaii Penal Code. Therefore, the UI law should be made consistent with the Penal Code so as not to hamper any efforts to institute legal proceeding against serious offenders.

Your Committee 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. 2822, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2822, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1983 Labor and Employment on S.B. No. 2819

The purpose of this bill is to improve the administration of laws dealing with unlawful suspension, discharge, or discrimination of workers who have suffered work injuries under the Workers' Compensation Law.

Under present law, the provisions prohibiting the unlawful suspension, discharge, or discrimination of workers injured on the job are enforced under two different laws, sections 378-32 and 386-142, Hawaii Revised Statutes, each administered by a separate division within the Department of Labor and Industrial Relations. This bill consolidates the two provisions under one statute. This bill also deletes "appeal board" from section 378-31, Hawaii Revised Statutes, as a housekeeping measure because there is no mention of the term in the substantive part of chapter 378.

Your Committee received supporting testimony from the Department of Labor and Industrial Relations and ILWU Local 142, and finds that there is no difference in the intent of the two provisions, but because the provisions are administered under different statutes, each with its own limitation periods, filing procedures, and appeals processes, the laws are enforced differently depending on the characteristic of the employer. Consolidating the two provisions under one statute will ensure consistent and uniform application of the law to all employers through standardized policies and procedures.

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. 2819, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2819, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1984 Labor and Employment on S.B. No. 2273

The purpose of this bill is to allow collective bargaining agreements to supersede state laws relating to payment of overtime compensation for work performed on public works contracts.

Under section 104-2, Hawaii Revised Statutes, contractors must pay their laborers and mechanics on state and county public works construction projects one and one-half times their basic hourly rate plus the cost of fringe benefits for work performed on Saturday, on Sunday, on a legal holiday of the State, or in excess of eight hours on any other day. This bill deletes the one and one-half times statutory rate and allows unionized contractors to pay their employees overtime based on the collective bargaining agreement.

Your Committee received supporting testimony from the Construction Industry Association, the Construction Industry Legislative Organization, and the Subcontractors' Association and finds that one problem resulting from the present laws is that the State recognizes more holidays than provided for in most collective bargaining contracts. As a result, a worker who works on a state project is paid overtime on a state holiday which is not recognized as a union holiday while another worker in the same company who works on a private job is paid straight time. Further, some collective bargaining contracts provide for workers to make up for a work day loss due to weather by working on a Saturday or Sunday at regular rates in order for the worker to have a forty-hour work week. This bill would allow this practice on public work projects.

Your Committee finds the bill permits the contractors and the union to negotiate any type of overtime and holiday provisions in their contracts and provide consistency in the treatment of workers of the same company, regardless of whether they work on a private or government job.

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. 2273, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2273, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1985 Labor and Employment on S.B. No. 2272

The purpose of this bill is to provide for adjustments and changes in compensation for promotions, reallocations, repricing or temporary assignment upwards, and voluntary demotions.

Under section 77-10, Hawaii Revised Statutes, comparable rates of compensation for promotion, reallocation, repricing or temporary assignment upwards, and voluntary demotion are not included in the compensation and adjustment rules of the state compensation law when the personnel action involves movement from one bargaining unit to another. This bill includes such actions within section 77-10 and provides for a retroactive effective date to October 1, 1987, for promotions, reallocations, and repricing or temporary assignments upwards.

Your Committee received supporting testimony from the Hawaii Government Employees Association and finds that new compensation adjustment articles negotiated by HGEA/AFSCME, UPW, HFFA, and SHOPO on behalf of employees are only applicable to personnel actions occurring within a particular bargaining unit and not between bargaining units. The bill will allow for comparable rates of compensation from one bargaining unit to another.

Your Committee has amended the bill by clarifying that repricing and temporary assignments upwards are covered by the retroactive effective date; by deleting the retroactivity from voluntary demotions; and by making technical changes which have no substantive effect for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 2272, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2272, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 1986 Ways and Means on S.B. No. 2465

The purpose of this bill is to enable the state planning council on developmental disabilities to hire and remove an executive secretary without regard to civil service classification and compensation provisions, who would in turn be able to appoint civil service exempt staff personnel.

Salaries of such positions would be determined by the council in consultation with the director of personnel services, and current civil service personnel would retain their civil service status. The executive secretary and staff would be eligible for employee plans generally inuring to state employees. The executive secretary would be subject to job review and evaluation at least once a year.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2465, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 1987 Ways and Means on S.B. No. 2501

The purpose of this bill is to create the position of condominium specialist in the Department of Commerce and Consumer Affairs, to assist consumers with information, advice, and referral on chapter 514A of the Hawaii Revised Statutes and chapter 16-107 of the Hawaii Administrative Rules relating to Horizontal Property Regimes.

Your Committee amended the bill to clarify that the position of condominium specialist is to be assigned to the real estate commission, and to make technical nonsubstantive changes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2501, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2501, S.D. 2.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 1988 Ways and Means on S.B. No. 2512

The purpose of this bill is to authorize the Department of Health to accredit persons to conduct asbestos inspections, develop asbestos management plans, and design asbestos abatement projects in Hawaii's schools and other public and private buildings.

The federal Asbestos Hazard Emergency Response Act of 1986 (AHERA) established regulations for controlling asbestos materials in America's public and private schools utilizing specially trained and accredited persons to conduct inspections for asbestos, develop management plans, and design and conduct response actions. AHERA requires each state to adopt accreditation plans conforming, at minimum, to the model plan adopted by the U.S. Environmental Protection Agency on April 30, 1987.

Your Committee finds that the Contractors License Board in the Department of Commerce and Consumer Affairs is in the process of adopting rules, pursuant to Act 157, Session Laws of Hawaii 1987, to accredit asbestos contractors and their employees. This bill will enable the Department of Health to establish an accreditation plan for asbestos inspectors, management planners, and abatement project designers, in conformance with the federal requirement.

This bill also appropriates \$54,000 to the Department of Health to establish and administer the accreditation program. The appropriation shall be effective as of July 1, 1988, while the rest of the bill shall take effect upon approval.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2512, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 1989 Ways and Means on S.B. No. 2744

The purpose of this bill is to amend Act 5, Session Laws of Hawaii 1987, by deleting the proviso which prohibits the expenditure of state funds for relocating or constructing Kahana Valley leaseholders' residences.

The bill also creates a Kahana Valley revolving fund in the Department of Land and Natural Resources to provide low interest loans to Kahana Valley leaseholders.

Your Committee has amended the bill by changing the amount of the appropriation from \$1,700,000 to \$1.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2744, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2744, S.D. 2.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 1990 Ways and Means on S.B. No. 2764

The purpose of this bill is to clarify the responsibilities as between the State and the counties to make it clear that the State is responsible for the management of the computerized fingerprint identification system, and to extend the period for expending and encumbering the sum appropriated for the system from the close of business on June 30, 1988, to close of business on June 30, 1989.

Your Committee finds that there was some confusion as to the current statutory language regarding the management of the system, and concurs that the system should be managed by the State.

Your Committee also finds that funds which were appropriated for fiscal year 1987-1988 and remain unexpended should be made available for fiscal year 1988-1989.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2764 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 1991 Ways and Means on S.B. No. 2770

The purpose of this bill is to deposit into the state general fund the interest which is realized on moneys collected in the Child Support Enforcement Agency special interest bearing account for child support payments. Currently the interest remains in the special account to be used solely for administrative expenses.

Your Committee finds that the Child Support Enforcement Agency currently has a balance in excess of \$3,000,000 in its checking account which earned over \$123,000 in interest during a one month period.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2770 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 1992 Ways and Means on S.B. No. 2775

The purpose of this bill is to appropriate \$449,493.79 to the department of the attorney general for the payment of the balance of legal fees and expenses incurred for services provided to the State by the law firm of Nash, Railsback and Plesser, in connection with the case of United States v. Exxon Corp.

The bill provides that the sum of \$363,450.27 plus interest at the rate of nine per cent on the balance thereof from August 7, 1986 until payment, be paid to the law firm of Nash, Railsback and Plesser for services rendered and expenses incurred on behalf of the State in the case of United States v. Exxon Corp. Your Committee finds that the State, through the efforts of Nash, Railsback and Plesser, has recovered \$14.5 million, thus far.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2775 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 1993 Ways and Means on S.B. No. 2163

The purpose of this bill is to clarify that rental fees realized from the activities of the animal research farm can be deposited into the animal research farm, Waialeale, Oahu revolving fund.

Your Committee finds that research on beef cattle, dairy cattle, swine, and poultry is conducted at the Waialeale animal research farm. Due to the rising costs of conducting animal research at the farm, the Legislature, in 1974, established a revolving fund so that the beef cattle, hogs, eggs, broilers, and milk could be sold when experiments were completed and the receipts would be deposited in the fund to purchase replacement animals, feed, supplies, and equipment and maintenance services.

Certain experiments require animal technicians to work extended or irregular hours. Because of this, the animal research farm also provides housing on the farm for these technicians. Currently, the funds generated from renting these housing units cannot be deposited into the revolving fund, even though the presence of the housing and the need to maintain it is a necessary cost of doing animal research.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2163 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 1994 Ways and Means on S.B. No. 3185

The purpose of this bill is to exempt all the gross proceeds arising from the sale of alcohol fuels, as opposed to just gasohol, from general excise taxes.

Your Committee finds that:

- (1) The production and use of locally produced biomass-derived alcohol liquid fuels should be encouraged to reduce crude oil and gasoline imports and to promote the State's self-sufficiency in energy;
- (2) This bill will encourage production and use of alcohol fuels by way of a tax exemption because all proceeds from the sale of all alcohol fuels and blends will be exempt from taxes; and
- (3) The proposed tax incentive will encourage the development of an agro-chemical industry. The anticipated returns to the State would include reduced energy imports, new jobs and new taxes generated from the agro-chemical industry.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3185 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 1995 Ways and Means on S.B. No. 2777

The purpose of this bill is to extend the existence of the Compliance Resolution Fund and create a consumer information and education program in the Department of Commerce and Consumer Affairs.

The Compliance Resolution Fund, which was created in 1982 to expedite consumer complaints relating to the regulated industries programs, is scheduled to expire on July 1, 1991. This bill would extend the Fund until July 1, 2001. In addition, this bill will enable the Department to employ a public information officer to coordinate the informational and educational aspects of the Department's mission.

Your Committee finds that extension of the Compliance Resolution Fund is necessary to maintain continuity of fee collections, which are made biennially. Postponing such action even one year would cause collection problems as early as the 1989 biennial renewal period. Your Committee further finds that creation of a program to inform and educate the public regarding the Department's activities will increase the ability of the Department to carry out its policies and objectives.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2777, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 1996 Ways and Means on S.B. No. 3182

The purpose of this bill is to establish a comprehensive permit system relating to geothermal and cable system development.

This bill was submitted by the Administration upon the recommendation of the Governor's Advisory Board on the Underwater Cable Transmission Project concerning new legislation relating to the development and use of geothermal energy.

One of the major and fundamental impediments to the development of the geothermal resources on the island of Hawaii and the concurrent development of the cable system project that would move the generated electrical energy to the island of Oahu is the diverse array of federal, state, and county land use, planning, environmental, and other related laws and regulations. This bill seeks to facilitate that permit process and thereby make the development of one of Hawaii's most significant energy sources more attractive to private developers.

Your Committee has amended this bill by changing its effective date to July 1, 1988, to coincide with the beginning of the fiscal year, and by making technical, nonsubstantive amendments for purposes of style and clarity, and to correct obsolete references.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3182, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3182, S.D. 2.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 1997 Ways and Means on S.B. No. 2890

The purpose of this bill is to strengthen the Milk Control Act by requiring independent monthly audits with Federal Milk Marketing Order specifications and by requiring that milk produced within a milk shed first serve the needs of the consumers within that milk shed during shortages.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2890, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 1998 Ways and Means on S.B. No. 2321

The purpose of this bill is to increase the compensation of persons who serve on Medical Claim Conciliation Panels (MCCP).

The medical claim conciliation panel system was established to review evidence and render advisory opinions on the issues of liability and damages in medical tort cases. An MCCP generally consists of two attorneys and one physician, and a typical case takes one to three days to complete, the object being to encourage early settlement of meritorious claims and discourage litigation of nonmeritorious claims. Panel members are paid \$100 per claim.

Your Committee finds that MCCP's are generally successful in forestalling litigation. Your Committee also finds that the current rate of remuneration of panel members provides little incentive for qualified individuals to perform this important public service. Increasing the rate would be a logical and responsible way to strengthen the system and impact favorably on the high costs of medical tort litigation in the State.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2321, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 1999 Ways and Means on S.B. No. 3047

The purpose of this bill is to require the Department of Business and Economic Development to publish, update, and maintain a compendium of state ocean and marine policies, and to make an appropriation to ensure that the department can carry out the function.

The Department of Business and Economic Development is, by law, the primary state agency involved with ocean and marine policy, and has the responsibility for coordinating the activities of state agencies having interests in marine affairs. The publication of such a compendium should be an integral part of the powers, functions, and operations of an agency having such a pivotal role in the State's marine affairs policies.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3047, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 2000 Ways and Means on S.B. No. 2855

The purpose of this bill is to establish a discoveries and inventions revolving fund.

This bill would require moneys appropriated for fiscal year 1988-1989 to the University "for the purposes of supporting innovation and research commercialization and the patenting, copyrighting, licensing, and marketing of discoveries, inventions, and technologies developed at the university" to be deposited into the revolving fund. All proceeds from commercial exploitation of inventions and intellectual property developed at the University would also be deposited into the fund. The fund would be used to develop technologies which have potential commercial value and to support administration of technical transfer activities at the University.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2855 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 2001 (Majority) Ways and Means on S.B. No. 3175

The purpose of this bill is to provide the Director of Finance with greater flexibility in the banking of public funds and to improve the rate of return thereon consistent with the safety of such deposits.

Your Committee received testimony from the Department of Budget and Finance that this bill would achieve those purposes by:

- (1) Removing the limitation on the amount of moneys which may be deposited in any one depository in the State;
- (2) Allowing the deposit of state funds outside the State in an amount not to exceed forty per cent of the aggregate amount of moneys available for deposit and on deposit in the state treasury; and
- (3) Strengthening the pledge of assets on the books of the depository other than those specifically enumerated under section 38-3, Hawaii Revised Statutes, which may be offered as collateral for state deposits.

Your Committee has amended the bill to address concerns raised by the Hawaii Bankers' Association by requiring that due regard be given to depositories doing business in the State before depositing moneys in depositories outside the State; and to require the Director of Finance to consider the beneficial effects to the State of using depositories within the State, as well as the safety and liquidity of the sums to be deposited.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3175, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3175, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and Young.
Senator Herkes did not concur.

SCRep. 2002 Ways and Means on S.B. No. 2072

The purpose of this bill is to provide funds for salary adjustments and other cost items for employees excluded from bargaining unit 5 for the 1987-89 fiscal biennium.

Currently, salary increases and other cost adjustments for employees excluded from bargaining unit 5 are authorized by chapter 89C, Hawaii Revised Statutes. This bill provides the necessary legislative authorization and appropriations to fund salary adjustments and cost items for the 1987-89 fiscal biennium.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2072 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 2003 Ways and Means on S.B. No. 2062

The purpose of this bill is to allow employees who elected not to become members of the noncontributory retirement plan, effective January 1, 1985, to elect to become members of the noncontributory plan by November 1, 1988.

This bill would allow employees in service on, or returning to service after, June 30, 1988, and who are covered under the Social Security Act to become noncontributory members effective January 1, 1989, by filing an election form with the board of trustees of the employees' retirement system by November 1, 1988.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2062, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 2004 Ways and Means on S.B. No. 2294

The purpose of this bill is to increase the fee for hunting licenses from \$7.50 to \$10 for residents and United States armed forces members and their families, and from \$15 to \$20 for all other persons except those who are sixty-five years of age or older.

Your Committee finds that fees for hunting licenses have not been adjusted for several years while the costs of managing the State's hunting program have increased steadily.

Your Committee also finds that the hunting community generally supports the proposed license fee increases, particularly if those fees will ultimately result in improvements to the State's hunting program.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2294 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 2005 Ways and Means on S.B. No. 3169

The purpose of this bill is to appropriate out of the general revenues of the State \$557,809.91 for fiscal year 1988-1989 to the criminal injuries compensation fund to compensate victims of certain crimes or dependents of deceased victims, and for indemnification of private citizens for personal injury or property damage suffered in prevention of crime or apprehension of a criminal.

This proposal is submitted annually by the department of budget and finance in accordance with section 351-70, Hawaii Revised Statutes, to pay awards made by the criminal injuries compensation commission. The format of the bill has been changed this year so that it no longer lists individual awards and amounts and instead provides for only a lump sum figure to be paid into the criminal injuries compensation fund. Your Committee agrees that the change in format is lawful and notes that a list of individual awards and amounts is still made available to the legislature.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3169 and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 2006 Ways and Means on S.B. No. 3161

The purpose of this bill is to amend section 36-41, Hawaii Revised Statutes, which deals with the use of third party financing for energy efficiency improvements in state and county facilities.

This bill provides state agencies greater flexibility in arranging for the installation and financing of equipment and devices that will reduce the cost of operation of state facilities and, where appropriate, will permit the facility to utilize alternate energy sources. Further, the term "third-party financing" as used in the existing law is changed to "energy performance contracting" as the latter term more accurately and comprehensively describes the options made available to state agencies under this bill. The bill also sets procedures for bidding and entering into such contracts.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3161, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and Young.

SCRep. 2007 Tourism and Recreation on S.B. No. 1265

The purpose of this bill is to regulate thrill craft operations.

Your Committee has amended the bill substantially. Provisions relating to the regulation of thrill crafts have been deleted and replaced with provisions concerning the regulation of parasailing. The bill, as amended, requires the Department of Transportation to designate by rule areas of the waters of the State on which parasailing may be conducted. From July 1, 1988, parasailing will be permitted only in the designated areas.

Your Committee finds that the bill, as amended, implements one of the recommendations of the report entitled: A Statewide Ocean Recreation Management Plan. Among other things, the Plan recommends that "(N)o para-sailing should be permitted, except in designated areas."

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 1265, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1265, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2008 Public Utilities on S.B. No. 2802

The purpose of this bill is to require public utilities to disclose transactions with affiliates to the Public Utilities Commission (PUC).

Many of Hawaii's major utilities or their parent corporations are controlled by holding companies which have other nonregulated subsidiaries or divisions that sell goods and services to the regulated companies. The Division of Consumer Advocacy believes that purchase agreements between regulated and unregulated affiliates have a high potential for abuse. This bill would provide the Public Utilities Commission with a mechanism for closely monitoring these intercompany transactions.

Under this bill regulated utility companies would be required to submit contracts for purchases totalling \$10,000 or more to the Commission for review before they become effective. If the Commission determined that the terms and conditions of the contract were unreasonable or contrary to the public interest, this would not prevent the utility from going forward with the agreement, but the utility would be put on notice that payments made to its affiliate might later be disallowed by the Commission for ratemaking purposes. The bill also provides that in any ratemaking proceeding, the utility would have the burden of proving with clear and convincing evidence the reasonableness of payments made to affiliated interests.

Much of the testimony received by your Committee from utility companies was adverse to the objectives of the bill. However, in many instances the objections were based on erroneous interpretations that:

- 1) Formal competitive bidding is required by utilities in the procurement of goods and services; and
- 2) All transactions between Hawaii based utilities and their affiliates are prohibited.

Your Committee has amended the bill substantially to address many of the concerns expressed by the utility companies.

In order to eliminate ambiguity and unnecessary paperwork, your Committee has raised the threshold amount for reporting transactions from those valued at \$10,000 to those valued at \$50,000 or more. Further, your Committee has deleted all references which require affiliates to disclose costs of production; the utility and its affiliate are free to disclose costs if, in their opinion, such information will provide the clear and convincing evidence necessary to justify a transaction between a utility and an affiliate.

Your Committee recognizes that economies do exist between Hawaii based utilities and their Hawaii based utility affiliates that benefit the public interest and has, therefore, excluded all transactions between Hawaii based utilities and their Hawaii based utility affiliates to encourage the realization of such economic benefits.

In addition, your Committee has amended the bill by making nonsubstantive changes for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Public Utilities is in accord with the intent and purpose of S.B. No. 2802, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2802, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2009 Ways and Means on S.B. No. 2827

The purpose of this bill is to facilitate the tax rate adjustment process for liquor tax rates by (1) giving the department of taxation an additional ninety days to determine any rate changes, (2) allowing adjustment to be based on not less than ninety per cent of the liquor tax returns instead of one hundred per cent, and (3) clarifying the applicable period and the status of the tax.

Testimony submitted by the department of taxation and the Tax Foundation of Hawaii indicated that the present ninety-day period is insufficient to determine the necessity of an adjustment, because if fewer than all liquor wholesalers report, the department has to audit those who have not complied in order to obtain the necessary data on which to base its computations. Allowing the department more time to make its decision, as well as allowing the department to base those calculations on not less than ninety per cent of the returns, will minimize administrative problems.

Your Committee has amended section 2 of the bill by changing the penultimate paragraph in subsection (a) and the penultimate paragraph in subsection (b) by removing the words "not less than ninety per cent of all of the returns" and substituting "returns representing not less than ninety per cent of the estimated sales volume by wine gallonage". This amendment implements a recommendation made by the Tax Foundation to eliminate the problem of inequities which could be caused if a late-filing dealer or dealers are omitted from the calculations, which could affect the rates for a particular beverage category if the late-filing dealer sold a disproportionately high amount of a particular beverage. Focussing on gallonage rather than returns will reduce the chance of an inequity of this type. Your Committee also made technical nonsubstantive changes to the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2827, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2827, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 2010 Ways and Means on S.B. No. 3218

The purpose of this bill is to streamline the tax exemption process for persons who are blind, hearing impaired, or totally disabled, by having the exemption certified directly by the department of taxation for income and excise taxes, and by a licensed physician for the real property exemption, rather than certifying these exemptions through the department of health.

Testimony in favor of the bill was submitted by the departments of health and taxation. Your Committee changed the bill with respect to the real property exemption, by changing certification from the department of taxation to a qualified ophthalmologist, optometrist, or otolaryngologist in the case of sight and hearing impairments, and to physicians licensed under chapter 453, Hawaii Revised Statutes, for persons claiming to be totally disabled. These changes were made because your Committee was concerned that unless the allowable physicians were specifically designated, the term might be interpreted to include chiropractors, naturopaths, and other types of health professionals. Only the specific types of physicians named in the draft may now make certifications for tax purposes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3218, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3218, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 2011 Consumer Protection and Commerce on S.B. No. 2461

The purpose of this bill was to require that horizontal property regime bylaws prohibit social, political, racial, and religious discrimination or any discrimination on the basis of age, sex, marital, or parental status, subject only to limitations under applicable federal, state, or county laws, rules, or regulations.

The bill further required that the terms of at least one-third of the directors of an association of apartment owners expire annually after their initial terms of office, that association and board meetings may be conducted using rules for the conduct of meetings other than Robert's Rules of Order, and that no proxy shall be irrevocable.

Your Committee has amended this bill by deleting Section 1 (relating to discrimination) and Section 2 (relating to the board members and rules for conducting meetings), and providing, in Section 3 (renumbered as Section 1 in the bill as amended) that no proxy shall be irrevocable unless coupled with a financial interest in the unit.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2461, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2461, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Fernandes Salling, Matsuura and A. Kobayashi.

SCRep. 2012 Consumer Protection and Commerce on S.B. No. 2065

The purpose of this bill is to update Section 26H-4, Hawaii Revised Statutes, which specifies the repeal dates of every regulatory board and commission in the State.

Specifically, this bill will add Chapter 466J relating to the Board of Radiologic Technology and Sections 321-13 to 321-15 relating to midwives, laboratory directors, laboratory technologists, laboratory supervisors, laboratory technicians, tattoo artists, electrologists, and sanitarians to the Hawaii Regulatory Licensing Reform Act. The bill will also extend for one year the repeal dates of every regulatory board and commission that is currently scheduled to be repealed between December 31, 1989 and December 31, 1993.

Your Committee finds that there is a need to regulate radiologic technology and the other programs listed above to protect public health, safety, or welfare. This bill would give the Legislative Auditor authority to evaluate the Board of Radiologic Technology and the other programs, submit an evaluation report to the Legislature prior to the repeal date, and make recommendations for improving policies, procedures, and practices.

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. 2065, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2065, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Fernandes Salling, Matsuura and A. Kobayashi.

SCRep. 2013 Consumer Protection and Commerce on S.B. No. 2795

The purpose of this bill is to establish a uniform grading system for the Board of Pharmacy's Federal Drug Law and State Jurisprudence licensing examinations to be consistent with the scoring for the national pharmacy examination NABPLEX.

Currently, under sections 461-6 and 461-7, Hawaii Revised Statutes, scores for the Board of Pharmacy's Federal Drug Law and State Jurisprudence licensing examinations are based on percentages while the score for the NABPLEX examination is computed on the "point" score system. This bill makes the "point" score system applicable to all three examinations.

Your Committee finds that historically, the term "per cent" was inadvertently retained for the Federal Drug Law Examination and the State Jurisprudence examination when the original language amending section 461-6 was drafted in 1986, which changed the NABPLEX score to a "point" score. Your Committee further finds that converting all examinations to the "point" score system will have only limited impact on score results and will serve to avoid confusion and possible legal problems with test scores.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2795 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, Fernandes Salling, Matsuura and A. Kobayashi.

SCRep. 2014 Consumer Protection and Commerce on S.B. No. 2490

The purpose of this bill is to extend the existence of the Board of Psychology until December 31, 1994.

Chapter 465 (Board of Psychology) is slated to be repealed on December 31, 1988. This bill extends the repeal date and deletes Section 465-13(a)(3), Hawaii Revised Statutes (HRS), which authorizes the board to revoke or suspend licenses on the basis of unethical practice as defined by the board in accordance with its own rules.

Your Committee is in accord with the 1987 Sunset Evaluation Update which indicates the potential for harm to the public remains a concern that justifies the continued regulation of the practice of psychology.

The evaluation included a recommendation to delete Section 465-13(a)(3), HRS, on the basis that criteria for the withholding of licensure and taking disciplinary action against licensees should be established by statute rather than through rules.

Upon consideration of the testimony, your Committee has decided against deleting Section 465-13(a)(3) as your Committee believes it is more efficient for the board to have its own rules defining what is considered unethical practice in its profession. Accordingly, Section 2 of the bill has been deleted and the remaining sections were renumbered.

The Sunset Evaluation Update also included a recommendation for the board to remove from its rules the restrictions that were placed on advertising. Your Committee is in agreement with the recommendation and finds that placing restrictions on advertising is constitutionally questionable and has already been challenged by the U.S. Federal Trade Commission.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2490, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2490, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Fernandes Salling, Matsuura and A. Kobayashi.

SCRep. 2015 Consumer Protection and Commerce on S.B. No. 3076

The purpose of this bill is to reduce the penal sum of the bond presently required for new car dealers from \$200,000 to \$25,000 (\$15,000 for the neighbor islands), for used car dealers on all islands from \$100,000 to \$10,000, and for brokers from \$200,000 to \$10,000.

The present bonding requirements were established by the 1985 Legislature. Previously, they had been set at the amounts which this bill would provide. According to the Motor Vehicle Industry Board, the bonds were increased to their present limits to protect the consumer from unscrupulous, fraudulent, and deceptive practices which had resulted in consumer losses of approximately \$777,000 in 1984-1985 from just three dealers, two of whom had bonds for \$25,000 and one of whom had a bond of \$10,000.

However, testimony presented by Howard W. Bishop, President of the Used Car Dealers Association of Hawaii, and Percy K. Mirikitani, attorney for the Association, takes issue with some of the contentions of the Motor Vehicle Industry Board and suggests that high bond requirements are detrimental to small business development and may actually encourage some small independent business persons, who cannot qualify for the current bond amount, to circumvent the law and act as unlicensed dealers. According to the Association, restrictive bonding requirements inhibit competition and give larger, more affluent companies unfair advantages.

The Association also disputes the claim that high bonds are necessary to protect consumers and states that in the case of used car dealers, it has never been necessary to use such bonds to compensate aggrieved consumers.

After weighing all the testimony, your Committee has determined that bonding is necessary for both new and used car dealers, but that the high amount currently in force is unwarranted. However, your Committee finds that the amount of bonding proposed by this measure for new car dealers and used car dealers is too low, and that differentiation between

rates for the City and County of Honolulu and the other counties is improper. Therefore your Committee has amended the bill as follows:

- (1) Raised the bond for new motor vehicle dealers from \$25,000, as proposed, to \$50,000;
- (2) Deleted the differentiation which favored the neighbor islands; and
- (3) Raised the bond for used car dealers from \$10,000, as proposed, to \$25,000.

Your Committee believes that this is a fair and equitable solution to the problem and will afford sufficient protection for the consumer.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3076, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3076, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Fernandes Salling, Matsuura and A. Kobayashi.

SCRep. 2016 (Joint) Agriculture, Energy and Ocean Resources and Government Operations on S.B. No. 2177

The purpose of this bill is to require a county planning commission to consider county development plans when issuing special use permits in agricultural and rural classified lands.

Written testimony in favor of the bill was received from the Corporation Counsel of the county of Maui.

County planning commissions may permit certain special "unusual and reasonable" uses in lands classified by the State Land Use Commission as rural and agricultural. The law does not require these special uses to conform to county development plans.

This bill would require the county planning commissions, when considering special use permits, to determine whether the proposed use is in conformance with county development plans. This bill does not specifically preclude the county land use commissions from issuing permits to uses that are not in conformance with county development plans--it does require the county planning commissions to consider the proposed use's conformance to county development plans prior to decision making, and subjects the proposed use to additional and more stringent examination prior to issuance of a special use permit, than is presently required.

Your Committees on Agriculture, Energy and Ocean Resources and Government Operations are in accord with the intent and purpose of S.B. No. 2177 and recommend that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Senators Fernandes Salling and George.

SCRep. 2017 (Joint) Health and Government Operations on S.B. No. 3219

The purpose of this bill is to allow the County/State Hospitals Division of the Department of Health (DOH) to purchase diagnostic and therapeutic equipment without using the bidding procedure.

Section 103-22, Hawaii Revised Statutes, requires all purchases of materials or supplies by the State to be advertised for bidding, if the expenditures are more than \$4,000.

Your Committees heard testimony from the Director of Health that the "time consuming requirements of the bidding process negatively impact hospital operations." The Director of Health also assured your Committees that the County/State Hospitals Division "employs necessary safeguards for ensuring that the equipment purchased is appropriate for its needs."

Your Committees understand that the phrase "diagnostic and therapeutic equipment" is quite broad and would include certain customized supplies necessary for the proper operation of the equipment.

While sympathetic to the position of the DOH and mindful of the "life or death" nature of hospital operations, your Committees are not convinced that the bidding process cannot be made to accommodate the needs of the County/State Hospitals Division. Therefore, the bill has been amended to provide for a five-year trial of non-bid acquisitions by the County/State Hospitals Division. The DOH and the Department of Accounting and General Services will be required to submit reports during the trial period. These reports will allow the Legislature to decide whether to continue the bidding exemption or, alternatively, to amend the bidding process to meet the legitimate needs of the County/State Hospitals Division.

Your Committees on Health and Government Operations are in accord with the intent and purpose of S.B. No. 3219, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 3219, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Senator George.

SCRep. 2018 Government Operations on S.B. No. 2070

The purpose of this bill is to expand the scope of Chapter 143, Hawaii Revised Statutes (HRS), to include cats.

Your Committee received testimony in support of this bill from the Director of Finance of the City and County of Honolulu. The testimony suggested that the licensing of cats would cost the City and County of Honolulu \$105,000 per year: \$60,000 for the Hawaiian Humane Society and \$45,000 for the Division of Motor Vehicles and Licensing. This testimony raises the spectre of Article VIII, Section 5 of the Hawaii State Constitution and State funding of the costs of cat licensure.

Your Committee also received testimony in support of this bill from the Hawaiian Humane Society (HHS). HHS estimates that there are 120,000 cats on the island of Oahu. Last year, HHS received 8,134 stray or lost cats and was only able to return 68 of them to their owners. Licensure would allow HHS to notify the owners and return the cats.

Your Committee also received testimony from an animal control officer, from the island of Hawaii, asking that the island of Hawaii be exempted from mandatory licensure of cats.

Your Committee has amended the bill by retaining the section which retitles Chapter 143, HRS, to broaden its scope, but deleting the balance of the bill. To replace the deleted sections, your Committee has added a new section to Chapter 143, HRS, which makes it clear that the individual counties may regulate, including by licensure, other animals including cats. However, the costs of any such regulation will be paid by the county.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2070, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2070, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2019 Government Operations on S.B. No. 2773

The purpose of this bill is to allow department heads to designate a substitute, to attend meetings and act in place of that department head, when the department head is unable to attend a meeting of a board or commission of which the department head is a member.

Your Committee received testimony in support of this bill from the Department of the Attorney General, the Department of Business and Economic Development and the Department of Budget and Finance.

While sympathetic to the plight of the department heads, your Committee is loathe to give the blanket authority provided in this bill. The Legislature specifically assigned the department heads to serve and can specifically authorize the delegation of that responsibility in appropriate cases.

Your Committee has amended the bill by deleting the broad authority and, instead, specifically allowing the Director of Finance to designate representatives to: 1) the Board of Trustees of the Public Employees Health Fund; and 2) the Board of Trustees of the State Deferred Compensation Plan.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2773, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2773, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2020 Government Operations on S.B. No. 587

The purpose of this bill is to improve the system of bicycle registration and renewal.

This bill denominates the bicycle tax as a fee, doubles the charge to \$6 per annum, and allows the counties to collect the renewal registration fees at an earlier date and to establish fees for the decal.

Your Committee received testimony in support of this bill from the Department of Finance, City and County of Honolulu. The testimony explained that the current charges were set in 1975 and the consumer price index has doubled since then. Because the proceeds are deposited into the bikeway fund, inflation has greatly reduced the counties' ability to construct, improve and maintain bikeways.

While fully concurring with the expressed need for more and better bikeways, your Committee also desired to keep the cost of registration at a reasonable level. This concern was especially strong in regard to smaller bicycles.

After consultation with the Department of Finance, your Committee substantially amended the bill as follows:

- (1) The registration has been changed from an annual to biennial requirement and the decal fee has been eliminated, to reduce administrative costs.
- (2) The fees have been raised from \$3.10 per annum to \$10.00 every two years.
- (3) Bicycles with less than 20" wheels are not required to be registered, but can be registered at no charge.
- (4) The effective date of the bill has been changed to October 1, 1988.

In addition, your Committee has made many conforming, simplifying and clarifying amendments to the law.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 587, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 587, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2021 Labor and Employment on S.B. No. 2820

The purpose of this bill is to require employers to make, keep, and preserve employment records for all employees.

Under current law there is no basic employment and earnings record keeping provision. This bill requires that the basic employment records of all employees be made, kept, and preserved, for periods of time as the Director of Labor and Industrial Relations shall prescribe.

Your Committee received supporting testimony from the Department of Labor and Industrial Relations and finds that record keeping is haphazard or nonexistent with some employers. Employers with out-of-state payroll departments do not maintain their records within Hawaii, making it difficult to conduct full and timely investigations of unpaid wage claims, while other employers dispose of records immediately after the pay period, making it difficult to check the accuracy of the wage computations. The bill will make it easier to conduct full and timely investigations of wage claims.

Your Committee has amended the bill by making 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. 2820, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2820, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2022 Labor and Employment on S.B. No. 2821

The purpose of this bill is to facilitate the filing and recording of notices of workers' compensation insurance by eliminating the requirement to submit a copy of the contract or the policy of insurance.

Under Section 386-122, Hawaii Revised Statutes, the employer is required to file a copy of the contract or policy of insurance with the Department of Industrial Relations when filing and recording notices of workers' compensation insurance. This bill replaces the requirement of filing a copy of the contract or policy of insurance with filing a statement of benefits provided by the policy.

Your Committee received supporting testimony from the Department of Labor and Industrial Relations and finds the processing and maintenance of workers' compensation declarations and policies creates a tremendous daily flow of paperwork which could be handled more efficiently by having the vital information of each policy submitted on a standardized form. The bill also will benefit insurance carriers as they will no longer be required to file bulky policies.

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. 2821, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2821, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2023 Labor and Employment on S.B. No. 3325

The purpose of this bill is to provide for a definition of "independent contractor" to be applied consistently to various labor law provisions.

Under current law, employers must satisfy the employer-employee relationship as determined by the ABC test provision contained in section 383-6, Hawaii Revised Statutes, section 21-1-1, Temporary Disability Insurance Administrative Rules, and section 12-1-1, Prepaid Health Care Administrative Rules. This bill seeks to use only the A and C tests to determine if an independent contractor relationship exists under sections 383, 386, 387, 392, and 393 as follows:

- (A) The individual has been and will continue to be free from control or direction over the performance of such service, both under the individual's contract of hire and in fact; and
- (C) The individual is customarily engaged in an independently established trade, occupation, profession, or business of the same nature as that involved in the contract of service.

Your Committee received supporting testimony from the Chamber of Commerce, the Association of Realtors, the National Federation of Independent Business, and the Business League, and finds that many businesses, both large and small, often resort to independent contractors for specialized needs or where the independent contractor does not wish to become an employee for personal reasons. The current ABC test is difficult to meet and the burden is on the employer to show that all three tests are met. Also, testimony stated it is often difficult for individuals to meet the current administrative and judicial interpretations of the various statutory independent contractor definitions. The bill is a positive, consistent, and more realistic approach to defining "independent contractor."

Your Committee has amended the bill by adding into test A that the individual be free from "direct or daily" control or direction, and by adding into test C that the individual is "free to engage or is" customarily engaged in a trade, occupation, etc., while deleting reference to "an independently established" trade, occupation, etc.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 3325, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3325, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2024 Labor and Employment on S.B. No. 3368

The purpose of this bill is to exempt owner-employees of corporations from unemployment compensation payments and benefits.

Currently section 383-7, Hawaii Revised Statutes, does not provide that an individual in the employ of a corporation, in which the individual owns more than twenty-five percent interest, may elect to be exempted from unemployment compensation payments and benefits. This bill allows an individual who owns more than twenty-five per cent interest to elect to be exempt from unemployment compensation coverage so long as the exemption lasts at least five years while in the same employ.

Your Committee received supporting testimony from the National Federation of Independent Business and the Hawaii Business League and finds that corporate owner-employees must pay premiums on themselves despite the fact that owner-employees are highly unlikely ever to benefit from the coverage. The great majority of owner-employees go to work in their business even when injured. They rarely submit claims on themselves because they know it leads to premium increases. Sole proprietors do not have to carry workers' compensation on themselves and the bill fairly places corporate owner-employees on the same footing, provided the election lasts five years.

Your Committee has amended the bill by substituting clarifying language which replaces "interest" with "shares issued by the corporation" and "such exemption last at least five years while in the same employ" with "the election shall be irrevocable for five years while employed under the same circumstances", and by making nonsubstantive changes for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 3368, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3368, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2025 Consumer Protection and Commerce on S.B. No. 2016

The purpose of this bill was to make it a discriminatory practice under Section 515-3, Hawaii Revised Statutes, to refuse to enter into a real estate transaction with a person because the person owns or possesses a domestic pet, provided that reasonable restrictions or prohibitions may be imposed regarding the number of pets allowed or excessive noise caused by pets.

Pets, in the context of this bill, do not include animals described by law as being pests, or those prohibited from importation into the State.

Your Committee heard extensive testimony on the subject of pets and the problems experienced by apartment or house seekers who are prevented from renting or buying otherwise suitable accommodations because they have pets. It is the finding of your Committee that the benefits of pet ownership far outweigh the detriments, and that all residents of the State should be allowed to keep domesticated animals and live with them in rented or personally owned residential premises if they so choose, as long as they adhere to reasonable restrictions regarding number of pets and noise.

Extensive research surveys have shown the mental and physical health value of pets to their owners. Pets have been shown to reduce stress levels and lower blood pressure, especially among senior citizens.

A University of Pennsylvania coronary study in 1980 showed a much higher survival rate of pet owners one year after suffering a heart attack. Of 37 non-pet owners, 13 (28 percent) died within a year, but of 51 pet owners, only three (6 percent) died within a year, with all other factors being equal.

The Federal Pets-in-Housing Law of 1983 clearly recognized the value of pets and banned any prohibition of pets in federally assisted housing projects. It also provided for reasonable regulation.

The State of Arizona passed legislation in 1983 which prohibits public agencies which own, manage, operate or contract for rental housing from prohibiting tenants over age 60 from keeping common pets in their dwelling units. The agency may remove such animals if their conduct or condition constitutes a threat to the other occupants and no animal may be kept in violation of health statutes. This law was passed in anticipation of the federal statute cited above.

Numerous other jurisdictions, including Kansas City, New York City and the State of California, have passed similar legislation affecting their public housing, all without major reported problems of keeping pets or providing for responsible pet ownership, according to a recent survey conducted by the University of California at Davis. All of the above jurisdictions cited the health benefits, both mental and physical, for people who keep pets.

It is the further finding of your Committee that to refuse to engage in a real estate transaction with a potential customer solely because the person has a pet is a discriminatory act which should be discouraged by law, just as it is discriminatory and prohibited to refuse to sell or lease to a person on the basis of the person's race, sex, color, religion, marital status, parental status, physical handicap, or HIV infection.

Your Committee has amended this bill by adding the words "solely on the basis of" between the words "or" and "pet ownership" on page one, line eight, to clarify the discriminatory practice prohibited by this bill, and to provide flexibility and encouragement for landlords to make decisions about prospective tenants based on other factors which are normally considered before making such a decision.

Your Committee has also added language to new paragraph (10) of Section 515-3 providing that nothing in the paragraph shall prohibit an owner or any other person from refusing to engage in any real estate transaction on any reasonable basis not prohibited by law, and expanding the definition of pets by excluding animals which are proven to be dangerous or have a record of biting.

By this legislation, the legislature is encouraging landlords to look at the "whole person" in a prospective tenant, and not just one element such as the possession of a pet.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2016, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2016, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Chang.

SCRep. 2026 Ways and Means on S.B. No. 1184

The purpose of this bill is to raise the allocation for gubernatorial transitions to \$200,000.

Your Committee has amended the bill to instead provide \$100,000 for gubernatorial transitions.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1184, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1184, S.D. 2.

Signed by all members of the Committee.

SCRep. 2027 Ways and Means on S.B. No. 112

The purpose of this bill is to disallow state tax deductions for political campaign contributions.

Your Committee agrees with Richard F. Kahle, Jr., Director of Taxation, that repeal of subsection 235-7(g) which presently allows deductions for political contributions, is consistent with the repeal on the federal level of the partial credit for political contributions by the Tax Reform Act of 1986. Your Committee finds that there is not reason to support the continuation of the allowance of these deductions which are utilized by those with special interests.

Your Committee has amended the bill to provide that the repeal of the political contribution deduction applies to taxable years beginning after December 31, 1987, as recommended by Richard F. Kahle, Jr., Direction of Taxation, and by making technical corrections to reflect statutory amendments which took effect after this bill was introduced.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 112, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 112, S.D. 1.

Signed by all members of the Committee.

SCRep. 2028 (Majority) Consumer Protection and Commerce on S.B. No. 2255

The purpose of this bill was to require the approval of the association of apartment owners in order for the board of directors to expend or obligate association funds in amounts of \$10,000 or more.

Your Committee received testimony from several organizations and finds that there is a need for boards of directors to be accountable for their expenditures of association funds. Abuse or mismanagement of funds by boards of directors may be rare, but the possibility does exist, and this bill would provide a measure of protection against such occurrences.

Upon further consideration, your Committee has amended this bill by exempting routine expenditures such as salaries, maintenance and upkeep of common elements, and replacement of fixtures, etc., and emergency expenditures necessary to protect the health and safety of the project and its inhabitants, and provided that approval must be obtained only for new capital expenditures exceeding \$100 multiplied by the number of units in the project per expenditure. In addition, the association is prohibited from raising maintenance fees in an amount more than the rise in the consumer price index for two years from the date that the board receives authorization from the association to make such an expenditure for a new capital project.

It is the intent of your Committee that this bill shall apply only to new capital expenditures requiring association approval.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2255, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2255, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Chang.
Senator B. Kobayashi did not concur.

SCRep. 2029 Ways and Means on S.B. No. 2063

The purpose of this bill is to increase utilization of the Hawaii election campaign fund and encourage compliance with the voluntary campaign spending limits.

Your Committee finds that candidates for public offices have not utilized the Hawaii election campaign fund (HECF) and as a result a surplus of over \$1.6 million has accumulated. To encourage utilization of the HECF and to encourage compliance with the voluntary campaign spending limits, this bill proposes an increase in the amount of money available to candidates from \$50 to \$1,000.

Your Committee has made 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. 2063, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2063, S.D. 2.

Signed by all members of the Committee.

SCRep. 2030 Ways and Means on S.B. No. 2045

The purpose of this bill is to repeal the tax credit authorized by section 235-12.2, Hawaii Revised Statutes, which allows taxpayers to claim an income tax credit for the insulation of hot water heater tanks and hot water pipes.

In order to qualify for the credit, the insulation must have been installed prior to December 31, 1984. Although excess credit could be carried over to subsequent years it is doubtful that any credits are being carried forward at this date; therefore, repeal of the law is appropriate.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2045, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2031 Ways and Means on S.B. No. 2024

The purpose of this bill is to establish the Hawaii Ocean Resources Management Program to assure the conservation and development of ocean resources affecting Hawaii.

This bill also establishes a Hawaii Ocean Resources Management Task Force of state, county, and other representatives with interests involving the ocean; a Task Force Advisory Committee (scientific and technical advisors to the task force); coordination with federal agency programs; compatibility with county plans; and communication with, and participation by the public. Moreover, this bill appropriates \$100,000 for use by the task force to carry out the purposes of this bill.

The Hawaii Ocean Resources Management Program would, among other things, promote and insure effective management of living and non-living marine resources within state jurisdiction, insure effective participation in federal agency planning and management of ocean resources and uses which may affect the State, coordinate state management of ocean resources with county management of coastal shorelands and resources, and provide opportunity for research and new and innovative technologies to develop sound and environmentally responsible ocean planning and management.

Your Committee is aware that there is concern that this bill may nullify current efforts by the state departments to revise the present Hawaii Ocean Management Plan developed under the Hawaii Coastal Zone Management Program.

However, your Committee finds that this bill does not negate any on-going efforts under the Ocean Management Plan, but expands the scope of the Plan to include opportunities and responsibilities resulting from the two hundred mile exclusive economic zone proclaimed by the United States.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2024, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2032 Ways and Means on S.B. No. 2184

The purpose of this bill is to allow part-time employees working less than twenty hours per week, but whose hours are equal to one-half of a full-time equivalent position, to be served by an exclusive collective bargaining representative.

Currently, a public employee union may represent part-time employees working twenty hours or more per week. As a result, half-time teachers who work seventeen and one-half hours per week based on the thirty-five hour minimum work week of full-time teachers are excluded from representation. This bill will afford half-time teachers the same representation as provided for other part-time employees.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2184, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2033 (Majority) Ways and Means on S.B. No. 2174

The purpose of this bill is to establish a state lottery temporary demonstration project applicable to counties with populations greater than 80,000 and less than 100,000, which will terminate on January 1, 1992. The bill also appropriates \$250,000 for start-up costs.

Your Committee finds that a short demonstration project lottery would be appropriate to gather information on whether or not to institute a statewide lottery. This project could help determine the amount of revenue which would accrue to the State, if any, the effect on the population, and possible negative influences. Your Committee finds that this hard data will provide much needed information to aid in settling the debate on the advisability of establishing a permanent, statewide lottery.

Your Committee, pursuant to testimony from the department of taxation, has amended the bill by deleting the proposed tax exemption on lottery winnings. Your Committee also amended the bill by having the appropriation provision take effect on July 1, 1988, and by making technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2174, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2174, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senators Herkes and Ikeda did not concur.

SCRep. 2034 Ways and Means on S.B. No. 2171

The purpose of this bill is to increase the salary of respective district court judges from \$59,500 per year to \$64,500 per year upon their reappointment on or after July 1, 1988.

Your Committee has amended the bill to instead provide an increase in salary of all district court judges, including district family court judges, from \$59,500 to \$64,500 a year effective July 1, 1988; to appropriate \$218,500 for their salary increases and provide that such moneys be expended by the judiciary; and change the effective date of the bill to July 1, 1988. Your Committee has also amended the bill to require district family court judges to receive the same salary as other district court judges.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2171, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2171, S.D. 1.

Signed by all members of the Committee.

SCRep. 2035 Ways and Means on H.B. No. 1062

The purpose of this bill is to allow a contributory or noncontributory 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 or noncontributory member retires and selects a joint survivor benefit, it provides the member's beneficiary with a percentage, 100% or 50%, as applicable, of the original benefit being received by the retirant, not including any post retirement allowance being received by the retirant at the time of death. This bill would continue the payment of accumulated post retirement allowances to the beneficiary.

Your Committee heard testimony in favor of this bill from two sources and 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.

Testimony from the State Employees' Retirement System indicated the cost impact of this bill will be minimal since the member's original benefit is discounted taking into consideration the joint survivor benefit when the member elects this option at the time of retirement and the amendment will apply only to the beneficiaries of those members whose death occurs after the effective date of this bill.

Your Committee has made technical nonsubstantive amendments to this bill to restore language which had been inadvertently omitted from section 88-83, Hawaii Revised Statutes, and by making other minor changes to punctuation.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1062, 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. 1062, H.D. 2, S.D. 2.

Signed by all members of the Committee.

SCRep. 2036 Ways and Means on S.B. No. 2833

The purpose of this bill is to restore a phrase inadvertently dropped from the statute back in 1971.

This bill is a housekeeping measure sponsored by the department of taxation, which submitted testimony in support of the bill. Additional support for the bill was submitted by a former director of the Hawaii Meat Company. Restoration of the phrase would make sense of the clause, which currently reads that only the segregated cost of the feed "as part to be butchered", is a sale at wholesale, so that it now reads that sale of the feed "as part of the feedlot operator's service to a licensed producer of poultry or animals to be butchered" is a sale at wholesale.

Your Committee changed the phrase "segregated cost of the feed" to "segregated charge for the feed."

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2833, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2833, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2037 Ways and Means on S.B. No. 2360

The purpose of this bill, as received, is to appropriate funds for the planning, design, and construction of a Center for Applied Aquaculture facility at the Oceanic Institute.

The proposed Center for Applied Aquaculture would provide the nation with its first facility directed to marine aquaculture industry development. In addition to applied research, the Center would address the needs identified in the USDA-feasibility study and the 1984 National Aquaculture Development Plan. Thus, services provided to the aquaculture industry would include pilot-scale demonstration programs or projects, transfer of novel technologies, guidelines for design of support hatcheries, business management training, consulting services, and trouble-shooting workshops for commercial operators.

The bill appropriates \$1,000,000 to match federal funds for the establishment of a Center of Applied Aquaculture in Hawaii, provided that before any funds may be expended a memorandum of understanding for cooperation shall be signed by the president of the University of Hawaii, and the chairpersons of the Board of Land and Natural Resources and the Oceanic Institute.

Your Committee has amended the bill by:

- (1) Amending section 2, line 4, by deleting "at the Oceanic Institute" and inserting "in Hawaii"; and
- (2) Amending section 2 by inserting a proviso authorizing the expenditure of funds appropriated for facilities at the Oceanic Institute or elsewhere.

It is the intent of your Committee in making these changes to give the Department of Land and Natural Resources flexibility in Center location after completion of detailed planning.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2360, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2360, S.D. 1.

Signed by all members of the Committee.

SCRep. 2038 Ways and Means on S.B. No. 2295

The purpose of this bill is to establish a wildlife revolving fund under the department of land and natural resources for programs and activities relating to wildlife conservation and management.

Currently, moneys for wildlife programs and activities authorized under chapter 183D, Hawaii Revised Statutes, are derived from general fund appropriations and federal funds under the Pittman-Robertson Federal Aid in Wildlife Restoration Act. The bill provides for the funding of the wildlife revolving fund through the collection of fees (except informer's fees) for hunting licenses, etc., and moneys collected as fines for violations of laws relating to the importation, taking, catching, or killing of game, wildlife, and products thereof, and wildlife conservation.

Further, the bill provides that expenditures from the revolving fund are limited to certain programs and activities such as eligible projects under the Pittman-Robertson Federal Aid in Wildlife Restoration Act, as well as for the implementation or enforcement of authorized wildlife conservation and management programs and activities. The department of land and natural resources, however, may use moneys from the wildlife revolving fund for other purposes, provided that the department first use those funds to maximize the State's participation to secure federal funds for eligible projects under the Pittman-Robertson Act.

Your Committee believes that the establishment of the wildlife revolving fund as proposed will enable the department of land and natural resources to implement wildlife programs and activities in a more expedient manner, since the department will not be confined to the use of moneys solely from appropriations and allotments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2295, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2039 Ways and Means on S.B. No. 2213

The purpose of this bill is to provide for the issuance of special purpose revenue bonds in a total amount not to exceed \$15,000,000 to assist International Pacific Energy Consortium, Inc., or a partnership in which International Pacific Energy Consortium, Inc., is a general partner, in the establishment of a wind energy farm and related facilities.

Your Committee finds that the proposed wind farm is consistent with the State's objectives for the development of alternate energy sources, and that the bonds authorized by this bill are in the public interest.

Your Committee has made technical nonsubstantive amendments for purposes of clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2213, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2213, S.D. 1.

Signed by all members of the Committee.

SCRep. 2040 Ways and Means on S.B. No. 2209

The purpose of this bill is to provide \$3,000,000 for fiscal year 1988-1989 by means of general obligation bonds to revitalize the Waikiki Aquarium. The funds would be expended by the University of Hawaii.

Your Committee has amended the bill by changing the amount of general obligation bonds authorized to be issued to \$2.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2209, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2209, S.D. 2.

Signed by all members of the Committee.

SCRep. 2041 Ways and Means on S.B. No. 2202

The purpose of this bill is to appropriate funds for improving fire protection facilities.

Major portions of Hawaii's water systems were built before the current fire protection standards were adopted. The task of upgrading the system to current standards exceeds the financial ability of the counties effectively to make these changes within a reasonable period of time.

This bill will assist the counties in making these improvements for the general welfare and safety of the citizens of this State.

Your Committee has amended this bill by increasing the amount appropriated to each county from \$1 to \$2 and by making technical, nonsubstantive changes 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. 2202, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2202, S.D. 2.

Signed by all members of the Committee.

SCRep. 2042 Ways and Means on S.B. No. 2201

The purpose of this bill is to make state government services more accessible to our citizens and alleviate traffic congestion in the downtown Honolulu area by appropriating \$190,000 for "satellite" state government offices in outlying areas of Oahu.

Your Committee finds that this bill will accomplish its stated purpose.

Your Committee amended this bill by changing the effective date to July 1, 1988, to coincide with the State's fiscal year, and made other technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2201, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2201, S.D. 1.

Signed by all members of the Committee.

SCRep. 2043 Ways and Means on S.B. No. 2196

The purpose of this bill is to establish a revolving loan program to stimulate business development and growth, especially small business and diversified agriculture on the island of Molokai.

With the cessation of commercial pineapple cultivation, and the recent cattle depopulation, Molokai's economy is severely depressed, and the island's unemployment is the highest in the State. The expansion of the small business community which includes artisans and cottage-type industries is viewed as having an important role in reviving and developing a healthy economy on Molokai. Many government-sponsored small business loans are needed to start up these ventures.

A government funded revolving loan fund having more liberal qualifying requirements, innovative terms and repayment options, along with the possible attendant higher risk of default than the present economic development loan programs is necessary to facilitate the growth of small business and the economic revival of Molokai.

Your Committee has amended this bill by reducing the amount of the appropriation for the fund from \$1,000,000 to \$500,000.

The establishment of another fund specifically for Molokai will assist the State in creating strategies directed toward community based rural development, cottage industries, and subsistence economics.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2196, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2196, S.D. 2.

Signed by all members of the Committee.

SCRep. 2044 Ways and Means on S.B. No. 2195

The purpose of this bill is to establish a revolving loan program to stimulate business development and growth, especially diversified agriculture, on the island of Molokai.

The cessation of commercial pineapple cultivation and recent cattle depopulation has depressed Molokai's economy, and the island's unemployment is the highest in the State. Expansion of diversified agriculture represents a realistic chance for restoration of a healthy economy on Molokai, but many residents presently would not qualify for commercial and government-sponsored small business loans needed to start up diversified agricultural ventures.

A government-funded revolving loan fund, with more liberal qualifying requirement terms and an attendant higher risk of default than the present Department of Agriculture loan program, is necessary to facilitate growth of diversified agriculture and economic revival on Molokai.

Your Committee has amended this bill by reducing the amount of the appropriation for the fund from \$1,000,000 to \$500,000.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2195, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2195, S.D. 2.

Signed by all members of the Committee.

SCRep. 2045 Transportation on S.B. No. 3229

The purpose of this bill is to clarify the status of trails under the Board of Land and Natural Resources.

This bill removes public trails from the definition of public highways; clarifies that public trails are under State jurisdiction unless created by or dedicated to a particular county; and clarifies jurisdiction of trails under the Board of Land and Natural Resources.

The Department of Land and Natural Resources (DLNR) testified that recent judicial decisions such as Santos v. Perreira, 2 Haw. App. 387 (1981), have confused both the status of trails and dedication requirements. The current statute fails to address public trails and by implication makes them county highways, contrary to prior law and to historical treatment. The current statute also fails to distinguish trails under the DLNR from vehicular highways under the Department of Transportation.

Your Committee also received testimony from the Department of Transportation and the Kona Old Hawaiian Trails Group (KOHTG) in support of this bill.

The KOHTG testified that In Re Kelly, 50 Haw. 567, 580-581 n. 6 (1968), the Hawaii Supreme Court stated that State highways must also be abandoned by due process of law. The KOHTG further testified that Section 264-1, Hawaii Revised Statutes (HRS), requires the county legislative bodies to close or abandon county public highways by resolution and Section 171-14, HRS, requires the DLNR to close, abandon and auction state trails by auctions. Each of these processes requires public notice of any action to close, vacate or abandon State or county highways and trails. Your Committee, upon the recommendation of the KOHTG, has amended subsection (d) to be consistent with the above processes.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 3229, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3229, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2046 Transportation on S.B. No. 2847

The purpose of this bill is to authorize the Director of Health, rather than the Director of Transportation, to evaluate and approve blood and breath tests used to determine the alcoholic content of a person's blood.

Under the current law, a test that is approved by the Department of Transportation (DOT) cannot be used unless it has been approved by the Department of Health (DOH) pursuant to Title 11, Chapter 111 of the administrative rules, entitled "Testing of Blood, Breath or Other Bodily Substances for Alcohol Concentrations."

The DOT testified that it does not have the capability to evaluate the proposed testing procedures and devices, and relies on the results of breath testing device evaluations conducted by the federal government and the medical profession for testing procedures for blood and other bodily substances. The federal government has established very strict and comprehensive criteria for breath testing devices. Only devices that perform up to these standards are put on a conforming products list. Thus, the DOT uses the conforming products list as the criteria for approval.

Your Committee finds that giving the DOH the authority to make these evaluations on behalf of the State will streamline the approval process and eliminate duplication of effort.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2847 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. 2047 Transportation on S.B. No. 2680

The purpose of this bill is to encourage ridesharing in taxicabs.

Traffic congestion is a critical problem facing the State of Hawaii. This bill attempts to reduce the number of motor vehicles on our roadways by allowing taxicabs to transport unrelated passengers to various destinations. Your Committee finds that to allow taxicabs to carry unrelated passengers to and from unrelated locations, other than a terminal or fixed stand, would serve to reduce the number of private vehicles on the roads, and could open up an entirely new means of rush hour commuter travel.

Your Committee, upon the recommendation of the Oahu Taxi Owners Association Inc. and SIDA of Hawaii, Inc., has amended the bill to allow vehicles with seating accommodations for not more than fifteen passengers to be used as proposed in this bill.

Your Committee has further amended the bill to exclude the proposed expanded taxicab services from public facilities where the Department of Transportation has granted exclusive rights for taxicab services.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2680, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2680, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2048 Transportation on Gov. Msg. No. 113

Recommending that the Senate advise and consent to the nominations of DAVID J. REBER and RENEE LINDQUIST WALDO to the State Highway Safety Council, for terms ending June 30, 1991.

Signed by all members of the Committee except Senator George.

SCRep. 2049 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3190

The purpose of this bill is to empower the Housing Finance and Development Corporation to repurchase an HFDC-developed housing unit with a construction defect whether or not the owner agrees.

Section 201E-221, Hawaii Revised Statutes, sets forth the restrictions for transfer of dwelling units purchased from the Housing and Finance Development Corporation. This bill gives the corporation the power to repurchase a dwelling unit which has a construction defect whether or not the owner wishes to sell, at a formula price set forth in subsection 201E-221(a). After repairs, the former owner shall have the first right of refusal to repurchase the unit at the same price paid to the former owner by the corporation.

Your Committee received testimony from the Housing Finance and Development Corporation of the Department of Business and Economic Development and finds the bill provides important benefits to the housing consumer and the corporation, including setting up a mechanism for speedy repair of damaged units to mitigate damage; enabling the corporation to avoid lawsuits and accompanying legal costs; limiting contingent liability on past, present, and future developments; precluding an owner from making a profit from award of damages; and preventing a dwelling unit with known constructive defects from being sold in "as is" condition.

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. 3190, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3190, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2050 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2110

The purpose of this bill is to repeal Chapter 361, Hawaii Revised Statutes, relating to the Community Home Mortgage Program.

The Community Home Mortgage Program was created to provide low-interest mortgages for first-time residential property buyers. To date, however, the program has not been implemented. Furthermore, the Department of Business and Economic Development testified that it does not foresee implementation in the near future.

Your Committee finds that the program is unnecessary, especially since the Hula Mae Program has been successful in providing low-interest mortgages.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2110 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2051 Health on S.B. No. 1542

The purpose of this bill is to enable appropriate hospitalization, care, and treatment of emotionally and behaviorally troubled children under eighteen years of age.

Section 334-60.1(b), Hawaii Revised Statutes (HRS), currently allows children under fifteen to be admitted to a facility for evaluation, diagnosis, or treatment if application is made by the parent or guardian. However, minors aged fifteen to seventeen can, in some circumstances, sign themselves out of treatment under the current wording and interpretation of the statute. This bill would ensure that all children under eighteen would receive the treatment and care they need until the course of the recommended treatment is completed.

This bill would delete Section 334-60.1(b) and establish a new section under Chapter 334, Part IV, entitled "Admission of Minors," under which three alternative methods of admission are provided. First, a minor may be admitted and retained by a facility, provided that there is, independent of the application filed by the parent or guardian, medical evaluation and concurrence with the application for admission, and periodic reviews of the minor.

Second, an application for voluntary admission may be made by a minor aged fifteen through seventeen by signing the application before a family court officer, in which case no hearing shall be necessary.

Third, in the absence of an application by the minor's parent or guardian or the minor himself, the family court may appoint a guardian ad litem to evaluate, recommend, and make application for admission. If the guardian ad litem, after consideration of the best interests of the minor, makes application for admission, no hearing shall be necessary, provided that there shall be, independent of the guardian ad litem, medical evaluation and concurrence with the application, and periodic review of the minor.

Your Committee finds that this bill will provide the statutory authority necessary to enable troubled minors under eighteen to receive appropriate inpatient psychiatric care and treatment.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1542, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2052 Health on S.B. No. 2869

The purpose of this bill is to include private businesses or organizations that receive state funds under Chapter 42, Hawaii Revised Statutes, within the law regulating smoking policies of government agencies.

Your Committee received conflicting testimonies concerning the extent to which government should regulate smoking in non-governmental settings. On one hand, testimony was presented that demonstrated the need to protect non-smokers in the private sector from the hazards of smoking. On the other hand, testimony was presented which indicated that private industry is autonomous and able to provide its own smoking policies.

Your Committee appreciates both sides of the problem and has therefore amended the bill to provide limited smoking regulation in the private sector.

Specifically, this bill:

- (1) Deletes the original bill in its entirety;
- (2) Changes the title of Part II of Chapter 328K, Hawaii Revised Statutes, to read "Smoking in the Government Workplace;" and
- (3) Adds a new Part III to Chapter 328K entitled "Smoking in the Private Sector Workplace," allowing private sector businesses with more than ten employees to establish their own smoking or non-smoking policies, including the entire scope and content of such policy as their individual situation dictates. Such policies would be subject to Section 328K-3, regarding exceptions to smoking in certain places open to the public. In addition, the Director of Health would adopt rules to administer the new Part only to the extent of adoption of a smoking or non-smoking policy and not with regard to content or scope of the policy.

With regard to recipients of Chapter 42 funds, your Committee has decided to address those concerns by separate legislation.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2869, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2869, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2053 Health on S.B. No. 2868

The purpose of this bill is to include organizations that receive state funds under Chapter 42, Hawaii Revised Statutes (HRS), within the law regulating smoking policies of government agencies.

Your Committee received conflicting testimonies concerning the extent government should regulate smoking in non-governmental settings. On one hand, testimony was presented that demonstrated the need to protect non-smokers in the non-government sector from the hazards of smoking. On the other hand, testimony was presented which indicated that private industry is autonomous and able to provide its own smoking policies.

Your Committee appreciates both sides of the problem and has therefore amended the bill to provide limited smoking regulation of organizations receiving state funds under Chapter 42.

Specifically, this bill:

- 1) Deletes the original bill in its entirety;
- 2) Changes the title of Part II of Chapter 328K, Hawaii Revised Statutes, to read "Smoking in the Government Workplace;" and
- 3) Adds a new Part III to Chapter 328K entitled "Smoking in the Non-Government Workplace," to allow Chapter 42 recipients to establish their own smoking or non-smoking policies, including the entire scope and content of such policy as their individual situation dictates. Such policies would be subject to Section 328K-3, regarding exceptions to smoking in certain places open to the public. In addition, the Director of Health would adopt rules to administer the new Part only to the extent of adoption of a smoking or non-smoking policy and not with regard to content or scope of the policy.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2868, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2868, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2054 Health on S.B. No. 3214

The purpose of this bill is to replace the term "crippled children" with the term "children with special health needs" in Chapter 321, Hawaii Revised Statutes.

Your Committee received supporting testimony from the Director of Health on this administration bill and finds that the term "crippled" is archaic and that most of the children served under Part IV of Chapter 321 ("Crippled children") are not actually crippled. This bill will make the language of the statute more consistent with contemporary usage and federal statutes.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3214 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. 2055 Health on S.B. No. 3213

The purpose of this bill is to facilitate the transfer of mentally ill inmates of correctional institutions to the State Hospital for appropriate treatment.

Currently, Section 334-74, Hawaii Revised Statutes, provides that a psychiatrist employed by the Department of Health may certify that an inmate needs treatment for mental illness or substance abuse. This bill provides for a primary diagnosis, deletes the diagnosis of substance abuse as grounds for hospitalization, and allows psychologists in the Department of Health to make the primary diagnosis of mental illness.

Your Committee received supporting testimony from the Director of Health, the Director of the Department of Corrections, and the Hawaii Psychological Association, and finds that psychiatric coverage at correctional facilities is limited and may not be immediately available when need for hospitalization arises. Your Committee further finds that psychologists have the knowledge, training, and skill necessary to make such decisions, and that inclusion of them in the decision-making process would facilitate appropriate transfers of mentally ill inmates to the State Hospital.

In addition, your Committee finds that deleting transfers of inmates to the State Hospital for substance abuse is consistent with current practice and reflects what is considered appropriate criteria for admission to the State Hospital.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3213 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. 2056 Health on S.B. No. 3211

The purpose of this bill is to clarify the legal status of patients who have reached the end of their involuntary commitment in a psychiatric facility, or are no longer dangerous to themselves or society, but wish to remain in the facility on a voluntary basis.

Current law provides that patients should not be involuntarily hospitalized in the absence of imminently dangerous behavior. However, there are occasions when the patient and the treatment team both agree that further hospitalization would be in the best interests of the patient. This bill allows the court to accept a voluntary commitment as an alternative resolution of the commitment status rather than having to order discharge as its sole means of terminating an involuntary commitment status.

Your Committee received supporting testimony from the Director of Health and the Hawaii Chapter of the National Association of Social Workers and finds that this bill will assist patients with appropriate care and returns responsibility for continued hospitalization to the patient, which is consistent with patients' rights and more therapeutic for the patient.

Your Committee has amended this bill, on the basis of testimony presented by the Family Court, by adding language to Sections 334-60.6, 334-60.7, and 334-76 which clarifies the procedures necessary to achieve the purpose of this bill.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3211, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3211, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2057 Transportation on S.B. No. 3070

The purpose of this bill is to set the minimum driving age at sixteen rather than fifteen.

Under the current law, a person fifteen or sixteen years of age may obtain a special driver's license upon passage of an examination, payment of the required fee and upon demonstrating the ability to operate a motor vehicle to the satisfaction of the examiner of drivers. This bill will set the minimum driving age at sixteen, and provide that in addition to the current requirements, the sixteen year old applicant must also successfully complete a driver education program prior to obtaining a special driver's license.

Your Committee believes that this bill will enhance highway safety.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 3070 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. 2058 Human Services on S.B. No. 3220

The purpose of this bill is to extend the State's Personal Care program to persons at the acute care, skilled nursing, and intermediate care facilities for the mentally retarded levels of care.

Currently, Section 346-64, Hawaii Revised Statutes, does not include acute care, skilled nursing, or intermediate care facilities for the mentally retarded for inclusion within the State's personal care services program. This bill extends such coverage.

Your Committee received supporting testimony from the Department of Human Services, the Commission on the Handicapped, the State Planning Council on Developmental Disabilities, and the Kokua Council. The testimony of the Department of Human Services indicated that the Department had intended to include personal care services in the Medicaid State Plan thereby making personal care available, not only to those recipients of home and community-based waiver programs such as Nursing Home Without Walls, but to all the Medicaid-eligible population. To do this necessitated the changes proposed in this administration sponsored bill, to make personal care available to all those individuals who are currently receiving these services through the State's various waiver programs, at the intermediate care facility, intermediate care facility-mentally retarded, and skilled nursing facility levels of care. However, upon further consideration, including consultation with federal officials, the Department has concluded that it is not desirable to convert only one waiver service to a State Plan service. Such action would destroy the efficiency and cost-effectiveness of the case-managed "package" of services provided through each of the home and community-based waiver programs. Therefore, the Department of Human Services is in the process of applying for a separate home and community-based waiver to provide personal care services to individuals at the intermediate care facility and skilled nursing facility levels of care.

Based on the foregoing, the Department of Human Services recommended that the bill be amended to only add "skilled nursing facility" to the present statute. Your Committee has accepted the recommendation of the Department and has amended the bill accordingly.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3220, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3220, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2059 Human Services on S.B. No. 3221

The purpose of this bill is to waive the lien provisions for home property on which an assistance family resides.

Section 346-29.5, Hawaii Revised Statutes, requires the Department of Human Services to obtain liens on home property where assistance households live. This bill waives the lien provision requirement in compliance with federal regulations governing aid to families with dependent children.

Your Committee received supporting testimony from the Department of Human Services and finds the bill is a housekeeping measure which waives the lien provision for home property lived on by an assistance household to conform to federal regulations. Federal regulations governing the Aid to Families with Dependent Children, Medicaid, and Food Stamp Programs uniformly prohibit liens as long as the property is a home property lived on by the assistance household. The regulations are based on the principle that families need shelter and should not be required to have their homes attached during periods of temporary dependency on public aid.

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

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3221, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3221, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Hee and Herkes.

SCRep. 2060 Consumer Protection and Commerce on S.B. No. 2948

The purpose of this bill is to amend Section 415-20, Hawaii Revised Statutes, to clarify the power of Hawaii corporations to adopt "shareholders' rights plans" to deal with corporate raiders.

According to testimony, over three hundred corporations have adopted shareholders' rights plans in recent years as defensive measures against hostile takeovers. Under a typical shareholders' rights plan, the board of directors declares a dividend of a "right" or option to purchase preferred stock to the holder of each share of common stock. The option does not become effective, however, until such time as one shareholder (a raider) amasses a critical percentage of the corporation's stock. At that time, the option to acquire the preferred stock is triggered.

The typical plan also provides that if the raider engages in self-dealing transactions, then each holder of the right is entitled to purchase shares of common stock at a bargain price. The key to a shareholders' rights plan, however, is that the raider is denied the opportunity to exercise the option and to acquire the preferred shares or bargain price common shares.

The effect of a shareholders' rights plan is to induce the corporate raider to bargain with the board of directors of the corporation. These shareholders' rights plans are adopted to increase the flexibility and power of the board of directors to negotiate with the raider or to find a better deal for the shareholders.

According to the testimony, shareholders' rights plans are routinely challenged in court by raiders attempting a hostile takeover of a corporation. The courts reviewing such plans have required the directors to show that they had reasonable grounds for believing that a danger to corporate policy and effectiveness existed and that the plan was reasonable in relation to the threat posed. Therefore, directors do not have carte blanche authority to adopt abusive shareholders' rights plans.

The testimony indicated that the courts reviewing shareholders' rights plans under the laws of three states have ruled the plans invalid on technical statutory grounds without ruling on the merits of the plans. These cases have held that a law requiring that all shares of the same series of stock shall be identical (similar to Section 415-16, Hawaii Revised Statutes) and prohibit "discrimination" against the holder of a substantial block of shares. The testimony indicated that courts reviewing the laws of other states have rejected this narrow reading of the local statute and have reviewed shareholders' rights plans in light of the test of reasonableness described above.

This Legislature has already indicated its concern with hostile takeovers of Hawaii corporations. This bill merely clarifies that the board of directors of a Hawaii corporation may utilize its power to issue rights and options under Section 415-20, Hawaii Revised Statutes, to adopt a plan which would deny exercise of the rights to shareholders who amass a defined percentage block of stock. The bill enables the board of directors to exercise its business judgment in the face of a hostile takeover by eliminating any question as to its technical authority to adopt a shareholders' rights plan.

The Director of Commerce and Consumer Affairs testified that the Department had no objection to the bill.

Your Committee amended the bill, for the purpose of clarity, by deleting the words "contain any terms not repugnant to law for the protection of holders of such rights or options, including, without limiting the generality of such authority," on lines 7 through 10 on page 2, and inserting in lieu thereof the word "include."

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2948, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2948, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator B. Kobayashi.

SCRep. 2061 Consumer Protection and Commerce on S.B. No. 2323

The purpose of this bill is to provide an alternative to filing financing statements with the Bureau of Conveyances.

Under current law, most financial institutions file a financing statement (UCC-1) form with the Bureau of Conveyances to perfect its chattel lien on personal property for consumer personal property loans. The cost is \$2. When a financing statement is released, a UCC-2 is filed. The cost is \$2. The total cost to the customer is \$4.

Instead of filing the financing statement (UCC-1) and release (UCC-2), this bill will allow industrial loan companies to charge the same \$4 for non-filing insurance.

Your Committee received testimony from the Hawaii Financial Services Association's legislative committee stating that non-filing insurance is a fund which is held by the insurance company until a claim is filed. If the member company suffers a loss because a customer files bankruptcy or other reasons, then the member company could file a claim with the insurance company up to the amount that had accumulated in the non-filing insurance fund.

Your Committee has amended the bill by specifying that the cost of the insurance premium shall not exceed \$4, to keep it in line with the cost of filing a financing statement with the Bureau of Conveyance.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2323, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2323, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Fernandes Salling and B. Kobayashi.

SCRep. 2062 Consumer Protection and Commerce on S.B. No. 3378

The purpose of this bill was to require insurers to include coverage for underinsured motor vehicles along with uninsured motor vehicles in no-fault policies unless the insured declines the coverages in writing.

This bill also (1) requires insurers to offer increased limits of coverage for uninsured and underinsured motor vehicles, equal to the bodily injury liability limits offered and purchased by the insured, up to \$100,000 per person and not less than \$300,000 per accident; and (2) limit the damages which an insured may collect under more than one uninsured motor vehicle or underinsured motor vehicle provision.

Your Committee heard testimony provided by the Department of Commerce and Consumer Affairs (DCCA) indicating that the proposed new subsection (d) of Section 431:10-213 might cause conflict with existing case law, resulting in the limitation of damages otherwise compensable pursuant to Supreme Court case law. The DCCA testimony further stated that the case law does not allow carte blanche stacking of uninsured/underinsured motorist coverages; rather, the Supreme Court has established very explicit guidelines limiting recovery to only those seriously injured claimants who would fail to receive fair compensation in the absence of stacking.

Your Committee, upon consideration of DCCA testimony, has amended this bill by deleting the proposed new subsection (d). Your Committee has further amended the bill by eliminating the insured's option to decline the coverages in writing, 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. 3378, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3378, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Fernandes Salling and B. Kobayashi.

SCRep. 2063 Consumer Protection and Commerce on S.B. No. 2790

The purpose of this bill is to authorize the Director of Commerce and Consumer Affairs to establish contractors license fees by rule.

Under current law, contractors license fees are statutorily provided in Section 444-12(b) and Section 444-15, Hawaii Revised Statutes (HRS).

Your Committee received testimony from the Department of Commerce and Consumer Affairs stating that pursuant to Section 26-9(k), HRS, the Director is authorized to separate application, examination, and license fees and to increase or decrease fees charged by boards and commissions to maintain a reasonable relation between the revenues derived from fees and the cost or fair value of services rendered. In accordance with this authority, Chapter 53, Hawaii Administrative Rules, was adopted to establish fees for the various boards and commissions.

This bill deletes reference to fees in Chapter 444, HRS, since the fees from this chapter have been transposed and consolidated into Chapter 53, Hawaii Administrative Rules. This bill also clarifies that licensees must submit proof that they have maintained financial integrity before the board renews the license.

Your Committee has 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. 2790, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2790, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Fernandes Salling and B. Kobayashi.

SCRep. 2064 (Joint/Majority) Consumer Protection and Commerce and Housing, Hawaiian Programs and Natural Resources on S.B. No. 2147

The purpose of this bill was to provide for the abolition of surrender clauses in all long-term leases between residential condominiums and cooperative housing corporations and landowners in the State and to substitute, instead, appropriate negotiation clauses for the disposition of improvements made by the lessee throughout the term of the lease.

Specifically, the bill provides that a lessee, at the termination of the lease and if not in default under the terms of the lease, may remove all onsite improvements paid for and constructed by the lessee without compensating the lessor. Provision is made for removal of improvements which cause structural harm to the property. In addition, if the lessor does not offer to extend the lease by at least thirty years under mutually agreeable terms or terms arbitrated under Chapter 658, Hawaii Revised Statutes, the lessor must compensate the lessee for the improvements at fair market value.

Of significance is subsection (e) of this new section proposed for addition to Chapter 516, Hawaii Revised Statutes, which provides that these provisions shall apply retrospectively to all condominium and cooperative leases entered into since January 1, 1957.

Your Committees share the concerns of many of Hawaii's condominium or cooperative associations and believe that surrender clauses should be eliminated from long term leases. Most of the land on which is situated most of the condominium projects and cooperative housing projects is owned by a small number of people who exercise great unilateral power, when the lease expires, to assume ownership of all improvements constructed and paid for by the lessee over the years, including swimming pools, tennis courts, pavilions, and other such structures. If the lessee wants to renegotiate the lease, the lessee is at the mercy of the lessor and must accept the new lease cost or terminate and surrender all improvements.

However, your Committees question the wisdom and propriety of requiring the rewriting of all leases executed over the past thirty or so years containing surrender clauses. Therefore, your Committees have amended the bill by providing in subsection (e) that the new section shall apply to all condominium and cooperative leases entered into subsequent to the effective date of the section.

It is the intent of your Committees in endorsing this bill, as amended, that your Committees are acting only prospectively, and that this bill should not be interpreted as expressing a position as to whether existing surrender clauses are unconscionable or otherwise null and void.

Your Committees on Consumer Protection and Commerce and Housing, Hawaiian Programs and Natural Resources are in accord with the intent and purpose of S.B. No. 2147, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2147, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

Senators Chang, Fernandes Salling, Holt, Matsuura, Tungpalan and A. Kobayashi did not concur.

SCRep. 2065 Consumer Protection and Commerce on S.B. No. 2041

The purpose of this bill is to conform state law relating to mattresses with federal law.

This bill amends section 332-1, Hawaii Revised Statutes, which defines the term "mattress" and section 332-5, Hawaii Revised Statutes, which provides for the identification of the materials used in mattresses. The amendments conform the statutes to federal law.

Your Committee finds that the statutes regulating the manufacture and sale of mattresses require amending as proposed by this bill to eliminate conflicts with federal legislation. The bill clarifies the regulatory responsibilities of each level of government, prevents potential jurisdictional conflicts, and makes it easier for people in the mattress industry to know to whom they are accountable.

Your Committee has 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. 2041, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2041, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Fernandes Salling and B. Kobayashi.

SCRep. 2066 Consumer Protection and Commerce on S.B. No. 2098

The purpose of this bill was to add a new section to Chapter 46, Hawaii Revised Statutes, authorizing counties to regulate transient vacation rentals (TVAs).

Currently, transient vacation rentals are not specifically regulated by counties within their zoning powers. This bill adds county zoning provisions authorizing the counties to regulate TVA's, and includes provisions for public hearings, conforming and non-conforming uses, burdens of proof, applications for non-conforming use, fines, and a definition of transient vacation rentals.

Your Committee received supporting testimony from the City and County of Honolulu and the Lani-Kailua Outdoor Circle, and finds that the bill enables each county to better meet its particular need relating to TVA's.

Your Committee has amended the bill as follows:

- (1) Deleted fines;
- (2) Provided for public hearings prior to deciding on TVA permits in residential areas;
- (3) Authorized the counties to determine conformity or nonconformity with zoning standards of TVA's operating in prohibited areas; and
- (4) Added language to Section 46-4(a) that in residential and agriculture zoned areas, a zoning ordinance may provide for amortization of nonconforming TVA's over a reasonable period of time.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2098, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2098, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Fernandes Salling and B. Kobayashi.

SCRep. 2067 Consumer Protection and Commerce on S.B. No. 2064

The purpose of this bill is to substitute the word "condominium" for the word "horizontal" in references to horizontal property regimes and the Horizontal Property Act throughout the Hawaii Revised Statutes, (HRS).

This bill would affect the following sections in the HRS: 237-24; 237D-1; 421H-5; 484-3; 514A-1; 514A-3; 514A-6; 514A-16; 514A-20; 514A-21; 514A-45; 514A-83; 514A-84.5; 514A-94; 514E-9, 521-38; 521-52; and 521-71.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and finds that the term "condominium" is well understood and commonly used among real estate licensees and consumers. Your Committee further finds that the Real Estate Commission regularly uses the term in its communications with the public, real estate licensees, developers, and government agencies, and that the National Conference of Commissioners on Uniform State Laws has adopted the term in its model acts relating to apartment developments.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2064 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 and B. Kobayashi.

SCRep. 2068 Consumer Protection and Commerce on S.B. No. 2931

The purpose of this bill is to allow for background checks of prospective employees of condominiums.

This bill would require an applicant to disclose information relating to past psychiatric or psychological problems and unexpunged criminal convictions, if the applicant agrees to the background check. If the applicant agrees, the board of directors of the association of apartment owners or the managing agent of the condominium may verify the criminal history information through the Hawaii Criminal Justice Data Center.

Your Committee finds that this bill would assist owners and residents of condominiums in hiring suitable employees by allowing them to obtain pertinent background information on the applicant. However, testimony from the Department of Labor and Industrial Relations indicated that this bill might conflict with Section 378-2, Hawaii Revised Statutes, which prohibits employment discrimination on the basis of arrest and court record information if such information is not substantially related to the duties of the job.

Therefore, your Committee has amended the bill to pertain only to security guards of condominiums. Your Committee finds that this change will bring the bill into line with Section 378-2 because a prior criminal record might have substantial bearing on the individual's suitability for employment as a security guard. Also, your Committee finds that the Legislature has previously enacted similar legislation in Act 57, Session Laws of Hawaii 1987, in which employers were authorized to make criminal history checks of newly hired private detectives.

In making these amendments, your Committee has generally rewritten the bill to clarify the sequence of events leading to the applicant's disclosure and subsequent verification of the applicant's criminal history, if any. It is the intention of your Committee that no security guard applicant should be compelled to submit to a background check or disclose personal information, but that refusal to do so may reasonably be considered to indicate that the applicant may not be suitable for that particular employment.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2931, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2931, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator B. Kobayashi.

SCRep. 2069 Consumer Protection and Commerce on S.B. No. 2785

The purpose of this bill is to correct references to the general corporation laws found in other chapters of the Hawaii Revised Statutes (HRS).

Chapters 419, 421, 421H, 422, 423, and 424, HRS, regarding the formation and existence of certain types of corporations, cooperatives, and associations, make reference to Chapter 416, HRS, which was repealed effective July 1, 1987. The Department of Commerce and Consumer Affairs (DCCA) testified that the amendments contained in this housekeeping measure will correct the statutory reference to either Chapter 415 or 415B, HRS, as appropriate.

Your Committee, upon the recommendation of the DCCA, has amended the bill to make further corrections in sections 5, 6, 7, and 9 of the bill as received.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2785, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2785, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator B. Kobayashi.

SCRep. 2070 Consumer Protection and Commerce on S.B. No. 2254

The purpose of this bill is to ensure that the Real Estate Commission will continue to be responsive to problems and needs of apartment owners by requiring at least one member to be an apartment owner who maintains a principal residence in a residential condominium apartment.

Your Committee finds that this bill will assure that the Real Estate Commission will always have at least one member who is personally acquainted with the particular housing needs of the thousands of Hawaii residents who live in condominium or cooperative high-rise projects.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2254 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 B. Kobayashi.

SCRep. 2071 Consumer Protection and Commerce on S.B. No. 2801

The purpose of this bill is to establish regulation of the motor vehicle rental industry in Hawaii.

This bill creates a new chapter in the Hawaii Revised Statutes requiring motor vehicle rental businesses to be licensed by the Director of Commerce and Consumer Affairs (Director) for a fee; requiring lessors to provide information about collision damage waiver options, the daily rate of the option, and a statement advising customers to determine whether their own automobile insurance already provides them coverage for damage to the rental vehicle and the amount of the deductible under that insurance; and prohibiting lessors from delivering or issuing for delivery rental agreements containing collision damage waivers unless the agreements are approved by the Director.

This bill also requires the lessor to file all rate information pertaining to collision damage waivers, and all charges and changes made, to the Director within thirty days; requires the lessor to provide information about Hawaii's seat belt and child passenger restraint laws, and the penalties for driving under the influence of intoxicating liquor; requires the Director to establish collision damage rates; and allows the Director to issue cease and desist orders to enforce these provisions.

Under the present law, there is no specific statutory framework for regulating the motor vehicle rental industry or collision damage waiver rates. Your Committee finds that this administration bill came about due to alleged abuses in the car rental industry, including excessive rates being charged to renters for collision damage waivers. This bill will address these alleged abuses and provide needed safeguards to consumers.

Your Committee has 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. 2801, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2801, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang and B. Kobayashi.

SCRep. 2072 Consumer Protection and Commerce on S.B. No. 2165

The purpose of this bill is to limit the membership of the board of directors of an association of apartment owners so that representation from any one corporation or partnership shall not exceed fifty percent of the members.

Under the present law, Section 514A-82(a)(12), Hawaii Revised Statutes (HRS), requires that all members of the board shall be owners, co-owners, vendees under agreement of sale, or an officer of any corporate owner of an apartment. The only other requirement is that there shall not be more than one representative from any one apartment.

Consequently, many corporations or partnerships, through the monopoly of the rentals in a condominium, have acquired control of proxies thereby gaining the majority of votes. This enables the corporations or partnerships to acquire complete control of the association of apartment owners.

Your Committee finds that this bill will protect individual owners of apartment units from control by corporations or partnerships in the selection and decision making of the board of directors.

Your Committee has amended the bill by amending Section 514A-82(a)(1)(B) to provide that condominiums with at least 100 units shall have a board of directors of not less than nine members unless at least sixty-five percent of the apartment owners vote by mail ballot, or at a special or annual meeting, to reduce the minimum number of directors. Your Committee finds that seventy-five percent, as currently provided, is an extraordinary majority percentage and that sixty-five percent is more appropriate.

Your Committee has also:

- (1) Deleted paragraph (12) from Section 514A-82(a) and inserted it into subsection (b) as new paragraph (5) with new language stating that there shall not be more than one representative on the board from ... "any one corporation and its affiliates, or any one partnership; provided that if the corporation is a financial institution owning more than fifty per cent of the condominium complex, then the corporation may hold up to, but not more than, fifty per cent of the seats on the board."; and
- (2) 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. 2165, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2165, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and B. Kobayashi.

SCRep. 2073 Consumer Protection and Commerce on S.B. No. 553

The purpose of this bill is to enable associations of apartment owners to acquire the fee simple title to the real property upon which the project is located and to borrow funds and mortgage or pledge its interests as the owners may determine.

This bill would serve to facilitate both voluntary and mandatory lease to fee conversions of condominiums, and eliminate any doubts by lending institutions of the power and ability of condominium associations to effect such transactions. The bill would also reduce the need for assistance from third parties to purchase the leased fee interests of non-participating homeowners. Your Committee has amended the bill by requiring 65 percent owner approval for all lease to fee transactions.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 553, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 553, S.D. 2.

Signed by all members of the Committee except Senators Fernandes Salling and B. Kobayashi.

SCRep. 2074 Consumer Protection and Commerce on S.B. No. 2317

The purpose of this bill was to remove variable annuities from coverage under the Uniform Securities Act (Modified).

Section 485-1, Hawaii Revised Statutes, defines "security" to include a variable annuity contract. Section 485-4, Hawaii Revised Statutes, lists the securities which are exempt from registration and advertising requirements.

This bill deletes variable annuity contracts from the definition of "security" and deletes variable annuity contracts from the list of exempted securities in Section 485-4.

Your Committee received testimony from the Department of Commerce and Consumer Affairs, the Association of Domestic Life Insurers, and the Association of Life Underwriters regarding proper regulation, and has amended the bill by deleting its substance and inserting an amendment to section 485-14(a), Hawaii Revised Statutes, to provide registration requirements for salespersons and dealers of variable annuities as follows:

- (1) Salespersons must be appointed by a licensed life insurance company; licensed by the Insurance Commissioner; registered with the National Association of Securities Dealers; and associated with a dealer who is registered with the Securities and Exchange Commission and a member of the National Association of Securities Dealers.
- (2) Dealers must be registered with the Securities and Exchange Commission, a member of the National Association of Securities Dealers, and licensed in Hawaii to sell only variable annuities and other insurance.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2317, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2317, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and B. Kobayashi.

SCRep. 2075 Education on S.B. No. 2816

The purpose of this bill is to delete from the law the requirement that students be precluded from school attendance if academic achievement is not satisfactory.

Under section 298-11, Hawaii Revised Statutes, any high school student whose work is below passing in half or more of the student's subjects shall be placed on probation and, if the student's work does not improve to the satisfaction of the Superintendent of Education during the subsequent semester, the student shall be precluded from attending school. This bill will delete the provision from the law.

Your Committee received supporting testimony from the Superintendent of Education and finds that the bill deletes a paragraph which is no longer applicable or germane to school attendance. The notion that a student should be precluded from attending school if academic achievement is not satisfactory is an outdated and archaic notion which is contrary to current educational philosophy and practice. The mission and goals of the Department of Education are to help individuals develop their education to the fullest potential to become contributing members of society.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2816 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2076 Education on S.B. No. 2606

The purpose of this bill is to ensure that the public be provided opportunities to present its views on proposed closures and alternative uses of school facilities prior to the Board of Education acting upon any recommendations.

Under section 298-3, Hawaii Revised Statutes, the Board of Education has the authority to close existing schools. This bill provides that district boundaries be modified to maintain enrollment and prevent closures; that if enrollment within a particular school falls below the established minimum criteria, the Board of Education must give first priority of alternative use to neighborhood and community groups and activities including making reasonable renovations when necessary; and that the Board of Education must meet all demands for community use before any portion of the school facility may be used for noncommunity use.

Your Committee received supporting testimony from the Office of Children and Youth and finds that school closure due to declining enrollments is traumatic to the community where the school has been a center of community life for years. It is even more traumatic when the school is turned into administrative offices and community use is totally lost. Community needs could be met by keeping the facilities open to the community, particularly for the large number of latchkey children who need after-school services and for the ever growing population of elderly who need adult day care. Accordingly, the bill specifies that use of school facilities for government offices shall be given the lowest priority.

Your Committee has amended the bill by deleting the requirement to modify district boundaries to maintain enrollment and prevent closure and by inserting language to emphasize the need for public input on proposed closures and alternative uses prior to the Board of Education acting upon any recommendations.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 2606, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2606, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2077 Education on S.B. No. 1539

The purpose of this bill is to establish a temporary commission on business and community support to promote private contributions for public school facilities.

Current financial projections indicate that the capital investment requirements for public school facilities in the next six years will approximate \$350 million. This bill establishes a temporary commission to develop a plan whereby the private sector can make contributions to supplement state government outlays for needed public school facilities. The temporary commission will be composed of nine members appointed by the Governor and will be required to submit a report prior to the 1989 regular session and dissolve ninety days thereafter.

Your Committee finds the practice of individuals, groups, businesses, and organizations endowing specific new facilities is a common practice with many higher education institutions and private schools in the United States. If the same practice were to be applied to the public elementary and secondary schools in Hawaii, the public school system would be greatly assisted and enhanced.

Your Committee on Education is in accord with the intent and purpose of S.B. No. 1539, 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. 2078 Government Operations on S.B. No. 2270

The purpose of this bill is to amend Chapter 92E, Hawaii Revised Statutes (HRS), to give employee organizations access to personal records in order to expeditiously and informally resolve disputes concerning alleged violations of a collective bargaining agreement or help resolve allegations of refusal to bargain in good faith.

Your Committee received testimony in support of this bill from the Hawaii Government Employees Association. The Director of Personnel Services and the Director of Commerce and Consumer Affairs testified against the bill. However, both sides agreed that it was in everyone's interest to resolve these disputes expeditiously and informally. Present procedures require employee organizations to resort to a formal hearing process in order to utilize subpoena powers.

Your Committee has amended the bill by establishing a new section which limits the access to personal records to employee organizations only, prohibiting the employee organization from further dissemination of the records to which it is given access, and requires notice to the employee whose records are being accessed. This new section is established in Chapter 89, HRS, as is provided by Section 92E-4(3), HRS.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2270, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2270, S.D. 2.

Signed by all members of the Committee except Senator George.

SCRep. 2079 Government Operations on S.B. No. 2327

The purpose of this bill is to make bonds issued by material supply houses acceptable security for the performance of a contract, not in excess of \$150,000, for the construction of public facilities and other site improvements.

Under present law, all contractor's bonds require proper sureties. These may be surety companies authorized to do business in the State who are subject to the requirements of Chapter 431, Hawaii Revised Statutes (HRS), or persons who act as sureties and who meet the strict justification requirements set forth in Section 103-35, HRS.

Your Committee received supportive testimony from the Comptroller, stating that this bill will increase competition and should reduce the cost of public facilities contracts under \$150,000. The Comptroller, however, conditioned his support on two amendments. The first amendment extends the coverage of the material supply houses' bonds so that they inure to the benefit of all persons entitled to file claims for labor or materials, as contemplated by Section 507-17, HRS. The second amendment ensures that the material supply houses are financially able to meet the bonds that they execute, by requiring at least five years of experience underwriting construction bonds for financial institutions.

Your Committee concurs with the amendments proposed by the Comptroller and has amended the bill accordingly. Your Committee also made a technical nonsubstantive amendment to conform the bill to proper drafting format.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2327, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2327, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2080 (Majority) Military and Civil Defense on S.B. No. 3399

The purpose of this bill is to repeal outdated terminology relating to civil defense.

Under current law, civil defense means "the preparation for and the carrying out of all functions, other than functions for which military forces are primarily responsible, to prevent, minimize, and repair injury and damage resulting, or which would result, from disasters caused by an attack."

This bill would delete outdated terminology relating to civil defense and substitute in its place the term "emergency preparedness" or terms of similar connotation. The bill would also define the term "natural disaster" to mean damages caused as a result of fire, flood, tsunami, volcanic eruption, earthquake, or other natural causes.

Your Committee finds that the nature of civil disasters is not limited to activities of warfare but include natural disasters as well. Therefore, the use of the term "civil defense" in the laws dealing with state action during periods of emergency is outmoded and should be replaced.

Your Committee has amended the bill by: (1) replacing the "Office of civil defense" with the "Office of emergency management" to be consistent with the Federal Emergency Management Agency; (2) adding a new SECTION 2 which amends Section 26-21, Hawaii Revised Statutes, by inserting the new terminology, and appropriately renumbering the other sections of the bill; and (3) making technical changes which have no substantive effect.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 3399, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3399, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.
Senator Cobb did not concur.

SCRep. 2081 Consumer Protection and Commerce on S.B. No. 3142

The purpose of this bill was to amend three sections of the Horizontal Property regime Law, Chapter 514A, Hawaii Revised Statutes.

First, the bill would amend Section 514A-82(a) to provide that a condominium's bylaws shall require assessing an apartment owner a one percent per month late payment charge for any maintenance fees more than forty-five days past due.

Second, the bill would amend Section 514A-83.4 to require that the minutes of the meetings of the board of directors and the association, and the association's financial statements, be mailed at cost to any owner who so requests.

Finally, the bill would amend Section 514A-94 to require that any costs and expenses, including reasonable attorneys' fees, incurred by an association in collecting money owed to the association, shall be determined by binding arbitration.

Your Committee, upon consideration of all three issues, has decided to amend this bill by deleting its contents and inserting a new section into Chapter 514A providing that an association may not apply a current payment for common expenses to an apartment owner's prior indebtedness.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3142, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3142, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator B. Kobayashi.

SCRep. 2082 Tourism and Recreation on S.B. No. 2649

The purpose of this bill is to prohibit commercial activities or any other activities designed to make a profit within any marine life conservation district established pursuant to Chapter 190, Hawaii Revised Statutes.

Your Committee has amended this bill by deleting the substance and inserting a new section to Chapter 190 (Marine life conservation program) mandating the Department of Land and Natural Resources, in consultation with the Department of Transportation, to adopt rules to regulate mooring activities in each marine conservation district established pursuant to Chapter 190.

It is the intent of your Committee that commercial mooring which is harmful to a marine district should be prohibited, but that recreational mooring which poses no significant threat to Hawaii's marine environment should be allowed. However, in order to allow the Departments sufficient time to adopt rules to regulate mooring, and to avoid creating a new class of violation by prohibiting certain kinds of mooring before the rules are adopted, your Committee has given this bill an effective date of January 1, 1989.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of S.B. No. 2649, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2649, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2083 Ways and Means on S.B. No. 2380

The purpose of this bill is to clarify that the natural area reserve (NAR) fund can also be used to implement chapter 195, Hawaii Revised Statutes, the natural area reserves system law.

Presently, it is not clear whether the NAR fund can be used for purposes other than the Heritage Program. This bill would specify that the fund can be used to implement the purposes of chapter 195.

Your Committee finds that this bill will help to implement the necessary steps to help preserve Hawaii's rare and endangered native plants and animals, save its remaining original rain forests, and support the Heritage Program. Your Committee further finds that this is a vital step in the direction of responsible conservation measures for the benefit and enjoyment of future generations of Hawaii's citizens and visitors.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2380, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2084 Ways and Means on S.B. No. 2389

The purpose of this bill is to give certain retirees a special cost of living bonus for each year of the retirant's service.

Prior to enactment of chapter 89, Hawaii Revised Statutes, (collective bargaining), the practice of the legislature was to grant to retirees the same pay increases it approved for employees in active service. Since enactment of Chapter 89, retirees have had to approach the legislature to request adjustments.

This bill would give every retiree with ten or more years of service who retired prior to July 1, 1982, and who on June 30, 1988, was receiving a retirement allowance from the system, a special cost of living bonus of \$1 per month for each year of the retirant's credited service.

Your Committee has amended the bill by changing the amount of the special cost of living bonus as follows:

- (1) \$3.50 a month for each year of the retirant's or pensioner's credited service, if the person retired prior to July 1, 1965;
- (2) \$2.50 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, 1970;
- (3) \$1.50 a month for each year of the retirant's or pensioner's credited service if the person retired after June 30, 1970, but prior to July 1, 1975; and
- (4) \$1.00 a month for each year of the retirant's or pensioner's credited service if the person retired after June 30, 1975, but prior to July 1, 1982.

The qualifications needed to obtain the bonus have not been otherwise changed.

Your Committee has further amended the bill by specifying \$5,085,150 as the amount to be appropriated for the special cost of living bonus and made technical, nonsubstantive changes to the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2389, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2389, S.D. 1.

Signed by all members of the Committee.

SCRep. 2085 Ways and Means on S.B. No. 2468

The purpose of this bill is to authorize the issuance of special purpose revenue bonds and refunding special purpose revenue bonds to assist Hawaiian Electric Company, Oahu; Hawaii Electric Light Company, Hawaii; Kauai Electric Division of Citizens Utilities Company, Kauai; and Maui Electric Company, Maui, in certain capital improvement programs.

The allocations would be made thusly: Hawaiian Electric Company, \$97,410,000; Hawaii Electric Light Company, \$24,000,000; Kauai Electric, \$34,000,000; and Maui Electric Company, \$10,000,000. Any project financed by the bonds would require Public Utilities Commission approval, and no funds may be used for nuclear fuel generating units.

Your Committee finds that this bill will lower interest costs to the electric utilities which will be reflected in lower cost of capital which ultimately benefits electricity consumers.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2468, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2086 Ways and Means on S.B. No. 2584

The purpose of this bill is to require the State to contribute funds to the Bishop Museum by designating it as the "State Museum for Natural and Cultural History."

The Bishop Museum collects, preserves, and serves as a depository for Hawaii's cultural and natural history specimens, helps to create a permanent record of the cultural and natural history of Hawaii through its collections and scholarly studies, and serves as an educational resource for and about Hawaii.

This bill will allow state funds appropriated for the Bishop Museum, to be administered by, monitored by, and included in the budget of the State Foundation on Culture and the Arts.

Your Committee heard supporting testimony from the Department of Education, the Department of Land and Natural Resources, and the Bishop Museum, and finds that designating the Bishop Museum as the "State Museum for Natural and Cultural History" will serve to foster closer working relations between the Museum and all levels of the state government, will engender a greater feeling of "ownership" amongst the resident population, and will be a visible endorsement by the State of the Museum's mission and goals.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2584, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2087 Ways and Means on S.B. No. 2595

The purpose of this bill as received is to appropriate \$2,000,000 for capital improvement projects to be coordinated with private sector improvements for Hawaii's Main Street development program and \$95,000 for operational costs.

Your Committee finds that small towns have declined economically, that there is no program designed to help these small towns except the Main Street development program, and that there needs to be systematic coordination of public and private sector improvements being made to small towns.

Your Committee has amended this bill by changing the amounts appropriated to \$1 in each case.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2595, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2595, S.D. 2.

Signed by all members of the Committee except Senator Herkes.

SCRep. 2088 Ways and Means on S.B. No. 2688

The purpose of this bill, as received, is to exempt travel agent commissions from the general excise tax.

Your Committee received testimony from the department of taxation, the Tax Foundation of Hawaii, the Travel Agents Coalition on Taxes, the local chapter of the American Society of Travel Agents, and from individual travel agencies. The basic focus of the testimony was whether the state general excise tax on commissions is proper, given a federal statute forbidding state taxation, directly or indirectly, on the sale of air transportation.

Your Committee finds that a federal statute, 49 U.S.C. section 1513(a), specifically prohibits a state from levying a tax on the sale of air transportation or on the gross receipts derived from such a sale. This prohibition extends to indirect as well as direct taxes. Travel agencies act as agents for airlines: they are not independent purchasers of air transportation. For example, an airline will charge \$1,000 for an airline ticket, none of which is taxable under the federal statute. A travel agent will charge the same \$1,000, which is put into escrow for the airline, which then removes all but ten per cent, the travel agency's commission. Your Committee finds that the State may not tax the agent on sums on which it could not tax the principal. Your Committee also notes that no other state taxes air travel commissions.

Your Committee has amended this bill to limit the exemption from the general excise tax to amounts received by travel agents from the sale of air transportation pursuant to federal law. Your Committee finds that passage of this bill will not "open the floodgates," leading the way for other occupations in which commissions are the typical form of compensation to ask for a similar exemption. The exemption in this bill is based on a federal statute prohibiting taxes on air transportation and none of the other occupations have a comparable federal prohibition.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2688, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2688, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2089 Ways and Means on S.B. No. 2758

The purpose of this bill is to establish an administrative services manager in the department of the attorney general.

Your Committee believes that an administrative services manager should assist the attorney general in the daily operation of the department to provide the attorney general relief from non-legal responsibilities. The administrative services manager shall be in a position of authority to oversee the operational and administrative duties such as personnel, planning, and budgeting.

Your Committee has amended the bill by deleting the requirement that the manager have legal experience, and has also made a technical nonsubstantive change.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2758, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2758, S.D. 2.

Signed by all members of the Committee.

SCRep. 2090 Ways and Means on S.B. No. 2759

The purpose of this bill is to transfer the functions and staff of the State Law Enforcement Planning Agency (SLEPA) to the Department of the Attorney General and to dissolve SLEPA.

SLEPA currently administers federal funds received from the Justice Assistance Act, Victims of Crime Act, Drug Law Enforcement Act, and the Western States Information Network as well as state funds appropriated to the Attorney General for the Career Criminal, Victim Assistance, and the Witness Security and Protection programs. It also staffs the Juvenile Justice Interagency Board and the Governor's Committee on Crime, both of which are concerned with the coordination of system agencies.

Your Committee finds that this bill will enable the Attorney General, as chief law enforcement officer for the State, to carry out responsibilities for, and to coordinate resources relating to, criminal justice concerns.

Your Committee made technical, nonsubstantive revisions 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. 2759, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2759, S.D. 1.

Signed by all members of the Committee.

SCRep. 2091 Ways and Means on S.B. No. 2780

The purposes of this bill are to change and clarify the administrative relationship between the department of commerce and consumer affairs and the office of consumer protection and to resolve areas of conflict or confusion in the field of consumer protection in Hawaii.

During the past year, the department of commerce and consumer affairs conducted an in-depth review of its mission and the activities of the Attorney General's Office relating to consumer protection. Most of the matters requiring resolution were handled administratively. This bill covers the few matters which require legislative action and will complete the process of moving the office of consumer protection entirely into the department of commerce and consumer affairs.

Your Committee has amended the bill by moving section 6 of the bill (which sets forth the Legislature's intent) to the front as section 1, renumbering all other sections, and making technical, nonsubstantive amendments for purposes of style.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2780, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2780, S.D. 2.

Signed by all members of the Committee.

SCRep. 2092 (Majority) Ways and Means on S.B. No. 2818

The purposes of this bill are to reduce collections to the Unemployment Insurance Trust Fund, permit contributions to a new state-controlled reserve account intended to supplement the UI Trust Fund, and to create an Employment and Worker Training Fund.

Act 240, Session Laws of Hawaii 1987, provided variable taxable wage bases depending on the condition of the UI Trust Fund for calendar year 1988 only. The intent of the Act was to stimulate the economy when the trust fund balance exceeded the adequate reserve level. Lower employer taxes were justified based upon the phenomenal growth of the trust fund due to low insured unemployment rates, a decrease in UI payout, increase in tax collections, and high federal interest income to the trust fund.

Presently, the growth of the UI Trust Fund exceeds the statutorily defined adequate reserve level and therefore, this bill minimizes the flow of employer taxes to the UI fund, assesses employer contributions to a new State Employment Security Fund to supplement the trust fund, and uses interest earned on investing the money in the state fund for training efforts.

Your Committee received testimony from the Department of Labor and Industrial Relations. Your Committee finds that the creation of a State Employment Security Fund, and the Employment and Training Fund would allow the State to retain capital in the islands rather than having the excess money being federally controlled.

Your Committee has amended the bill by inserting amended definitions for experience rating provisions, specifically the terms: "contributions" and "current reserve fund" to provide for the state employment security fund in these definitions. These terms had been in section 2 of the original bill but inadvertently omitted from the bill as received. Your Committee also changed the effective date of this bill to July 1, 1988, to coincide with the State's fiscal year, and made technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2818, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2818, S.D. 2.

Signed by all members of the Committee.
Senator Herkes did not concur.

SCRep. 2093 (Joint) Tourism and Recreation and Transportation on S.B. No. 2848

The purpose of this bill is to eliminate or minimize abuses relating to permits for vessels in small boat harbors.

Current law allows a person to obtain a commercial permit for a berth on one day, incorporate the next, and sell the boat, berth, and corporation three days after the permit was obtained. According to testimony provided by the Department of Transportation, the asking price for a corporation holding both commercial and berth permits ranges from \$50,000 to \$500,000 in certain harbors.

This bill is designed to end such speculative practices and provide procedures which are equitable to all applicants for berth permits.

Specifically, this bill requires a business entity which is transferring an interest in a berth to another business entity to first operate its business for a minimum of three years. Additionally, the seller must pay the Department of Transportation a business transfer fee equal to the value of the commercial permit transferred. The bill also prohibits a permittee from mooring a leased vessel in a berth for more than twelve months.

Your Committees have amended this bill by providing:

- (1) That no permittee shall be allowed to moor a leased vessel in a berth excepting corporations or other business entities which have been in continuous commercial operation for a minimum of three years and the terms of the lease are set at fair market value; and

- (2) That the transfer fee payable to the Department shall be based on the passenger carrying capacity of the vessel and determined by rules adopted by the Department.

Your Committees have further amended the bill by adding a comma after the word "may" on page 3, line 3, which was inadvertently omitted.

Your Committees on Tourism and Recreation and Transportation are in accord with the intent and purpose of S.B. No. 2848, as amend herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2848, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Senator George.

SCRep. 2094 Consumer Protection and Commerce on S.B. No. 3146

The purpose of this bill was to establish a new chapter in the Hawaii Revised Statutes providing for first right of refusal for condominium and cooperative apartment owners when the fee interest in the land under their projects is offered for sale.

The bill provides that the seller shall first notify the owners of the apartments of the intent to sell. It also provides for notice and registration through the Real Estate Commission, provisions for offerings to others, remedies for violations of the chapter, and assignability of the lease.

Your Committee received supporting testimony from the Hawaii Independent Condominium and Cooperative Owners and the Hawaii Council of Associations of Apartment Owners and finds that this bill will protect the rights of both lessors and lessees and would discourage and deter speculators who would buy the leased fee interest in a large number of units at a low price for resale to the lessees at a profit.

Your Committee has amended this bill by providing that the seller shall first notify the board of directors of the association when the land becomes available for sale at fee, and the board shall then notify the apartment owners.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3146, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3146, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, B. Kobayashi and Tungpalan.

SCRep. 2095 Consumer Protection and Commerce on S.B. No. 2784

The purpose of this bill was to provide that an unlicensed person is guilty of a misdemeanor for advertising as a contractor in a paid listing in any directory.

This administration bill would clarify an ambiguity in Section 444-9.2, Hawaii Revised Statutes, which has resulted in litigation, by creating a standard of advertising for contractors which would be easily understood and applied.

However, upon further consideration of the testimony presented on this bill, your Committee finds the need to amend this bill to further strengthen the provisions on prohibited advertising. Therefore, your Committee has made the following changes:

- (1) Clarified Section 444-9.2(a) to firmly establish that the prohibited practice of an unlicensed contractor advertising is not limited, and that advertising includes any listing or heading which includes the word contractor;
- (2) Amended Section 444-9.2(b) by providing that a publisher or producer who obtains a signed statement from the contractor to the effect that the contractor has read the advertisement or listing, is licensed as advertised, has included all applicable license numbers in the advertisement or listing, and knows of the law against false advertising, has a rebuttable presumption of compliance with the law;
- (3) Added subsection (c) to Section 444-9.2 to provide that a contractor who has advertised falsely shall have the telephone number contained in the advertisement or listing disconnected; and
- (4) Provided in new subsection (d) of Section 444-9.2, previously subsection (c), that good faith compliance by a public utility with subsection (c) is a complete defense to any civil or criminal action brought against it arising from the termination of telephone service.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2784, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2784, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, B. Kobayashi, Matsuura and A. Kobayashi.

SCRep. 2096 Consumer Protection and Commerce on S.B. No. 3403

The purpose of this bill was to amend the Horizontal Property Regimes law to require the minutes of the board of directors and association of apartment owners, and the association's financial statements, to be mailed at cost to any apartment owner upon the owner's request.

Your Committee reviewed the statements of the Institute of Real Estate Management, the Horizontal Property Regime Blue Ribbon Advisory Panel, and the Hawaii Association of Realtors, and finds that such important information should be made available at no cost to the owner and has therefore amended the bill to provide that the minutes of board and association meetings and the association's financial statements shall be mailed at no cost to any owner, upon the owner's request.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3403, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3403, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, B. Kobayashi, Matsuura and A. Kobayashi.

SCRep. 2097 Consumer Protection and Commerce on S.B. No. 2276

The purpose of this bill is to prohibit the sale of milk or any milk product which is labeled "island fresh" unless ninety percent of the product has been produced in this State.

This bill would also prevent milk and milk products from being labeled with any other term that would represent the product as being from any place within the State, if less than ninety percent of the product has been produced in this State.

Your Committee finds that providing a definition for the term "island fresh" will allow consumers to make informed choices when purchasing milk and milk products and will help to promote the local dairy industry.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2276, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Aki.

SCRep. 2098 Consumer Protection and Commerce on S.B. No. 2757

The purpose of this bill is to combine into a single chapter the existing authority and responsibility of the Division of Measurement Standards.

Chapters 292, 486, and 486D set forth the statutory authority and respective areas of involvement of measurement standards. This bill is primarily a housekeeping measure that combines the existing legislative mandates of measurement standards into a new chapter. This bill also provides for the bonding of non-resident or non-registered scale installers and service personnel; and deletes the redundant role of Director of Measurement Standards.

Your Committee received supporting testimony from the Board of Agriculture and finds that the Division of Measurement Standards is the only division of the Department of Agriculture not under the authority of the Board of Agriculture. It is more advantageous to bring the division closer to the other divisions of the Department of Agriculture since many of the aspects of measurement standards are interrelated. Therefore, the bill combines the authority and responsibility of the division under the Board of Agriculture.

Your Committee has amended the bill by adding in Chapter 486A relating to bread weights which was inadvertently omitted 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. 2757, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2757, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Chang, Fernandes Salling, B. Kobayashi and A. Kobayashi.

SCRep. 2099 Transportation on S.B. No. 2448

The purpose of this bill is to authorize property owners to remove vehicles which have been left unattended for 24 hours without notice to the owners.

Current law requires that before a vehicle can be removed the property must be posted with a notice:

- (1) Prohibiting vehicles from parking on the property without authorization; and
- (2) Stating where the vehicle will be towed and held.

This bill would allow towing away of a vehicle which is left unattended for 24 hours on property which is not posted with the notice required under current law.

Your Committee heard opposing testimony presented by the Department of Transportation (DOT) stating that vehicle owners should be given notice before their cars are towed away.

Your Committee has amended this bill to reflect DOT's concern by requiring notice to be given to owners by conspicuously displaying a notice on the unattended vehicle for a period of 24 hours, informing the owner:

- (1) That the vehicle will be towed when the 24 hour period expires; and
- (2) Where the vehicle will be towed.

Your Committee has further amended this 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. 2448, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2448, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2100 Transportation on S.B. No. 2128

The purpose of this bill is to clarify the law regarding motor vehicle registration.

Under Section 286-54, Hawaii Revised Statutes (HRS), a nonresident owner of a motor vehicle registered in another state or country who applies to the Director of Finance for the registration of the vehicle in this State, shall be issued a vehicle permit to operate the vehicle in this State until the expiration of the of the out-of-state plates. However, Section 249-3, HRS, allows any person (resident or nonresident) to obtain an out-of-state permit.

This bill clarifies that the vehicle permits issued by the various counties for a motor vehicle registered in another state or country are out-of-state vehicle permits irrespective of residency of the owner.

Your Committee has amended the bill by repealing Section 286-54, HRS. Your Committee believes that out-of-state and out-of-country vehicles should go through the same registration process as in-state vehicles.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2128, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2128, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2101 Transportation on S.B. No. 1194

The purpose of this bill is to require buses, operating on any highway, to be equipped with vehicular smoke emission control devices.

This bill requires that the vehicular smoke emission control devices meet the standards established by the Department of Health pursuant to Chapter 342, Hawaii Revised Statutes (HRS).

Currently, there are departmental rules controlling smoke emission from gasoline and diesel-powered engines. This bill would require that vehicular smoke emission control devices be upgraded to prevent the emission of air pollution substances as defined in Section 342-21, HRS.

Your Committee recognizes the importance of controlling air pollution emission from buses as it interferes with the comfort and enjoyment of life and property throughout the State.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1194 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. 2102 Ways and Means on S.B. No. 2708

The purpose of this bill is to provide a general excise tax exemption for certain transactions between related entities and for common paymaster operations. This bill provides like treatment for such operations and transactions under the general excise tax and under the income tax.

Your Committee finds that it is the common practice of businesses to centralize cash requirements as well as managerial and administrative services in order to achieve economies of scale, function, or expertise. The general excise tax as it is presently structured imposes the four per cent tax on these centralized services which are reflected on the entities' books as services provided and income received. Under the income tax, no tax is imposed upon such transactions, however, this is not true of the general excise tax. The following discussion explains this area.

In order to properly supervise subsidiaries, and to determine whether or not they are profitable, a parent corporation charges a subsidiary for managerial, administrative, legal, or accounting services provided to the subsidiary. For income tax purposes these charges appear on the corporate books. The subsidiary, in turn, reflects payments for such services to the parent, again this is reflected on the corporation books and on the income tax return. The Income Tax Law allows these transactions not to be taxed. This is not true of the general excise tax, where there is no similar provision for nontaxability. The result is that due to income tax provisions and good accounting principles, the corporation is charged general excise taxes on what are substantially book transactions, when in fact no money may have exchanged hands. The first half of subsection (a) of this bill takes care of this problem and exempts such transactions from the general excise tax.

The exemption includes the compensation of persons rendering services which are exempted and also exempts the overhead costs attributable to such services. Overhead costs should follow generally accepted accounting definitions and should include, but not be limited to, office rent, facilities, equipment costs, phone systems, utilities, fringe benefits, insurance or indemnity, support staff, compliance costs related to licensing or regulatory requirements, contracted services such as legal, accounting, advertising, and support services, and indirect expenses such as travel and entertainment, donations, dues, and subscriptions. Your Committee notes that the exemption should be administered evenhandedly by the Department of Taxation and not abused by those entities which may choose to exercise the exemption.

The second half of the bill recognizes another trap between the two tax laws -- the Income and General Excise Tax Laws. In this case there may be two or more related entities who choose one of the entities to do the payroll for all of the entities. This choice is made for good business reasons and allows the best use of the expertise of the various entities. The nonpayroll entities in this situation will transmit to the common paymaster entity amounts to be disbursed. Included in these amounts will be employee wages and salary, payroll taxes, and employee benefits, which the common paymaster then distributes to the employees of all the related entities, the proper governments for taxes, and the proper entity for employee benefits. Under the Income Tax Law, there is no tax placed on the common paymaster on the sums representing wages and salary, payroll taxes, and employee benefits; the general excise tax, however, does tax these amounts. The imposition of tax in this area prevents businesses in Hawaii from undertaking a cost-effective method of doing business.

Your Committee finds that the exemptions provided by this bill will assist the development of business in Hawaii and promote a positive business climate.

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. 2708, S.D. 1, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2708, S.D. 2.

Signed by all members of the Committee.

SCRep. 2103 Health on S.B. No. 3216

The purpose of this bill is to provide that public health nurses' records that do not contain any direct physicians' notations are exempt from the retention requirements of Section 622-58, Hawaii Revised Statutes.

Currently, the Public Health Nursing Branch of the Department of Health provides services to approximately 35,000 clients each year, and out of this number, about 15,000 are discharges.

Your Committee received favorable testimony from the Director of Health and finds that of the 15,000 or so yearly discharges, approximately 5,000 contain physicians' notations which should be retained. However, under the current statute, the Department has been required to retain about 150,000 client records in the past ten years which serve no substantial medical purpose, thus creating a massive record storage and expense problem. This bill will enhance the ability of the Department to store necessary records without jeopardizing space that could otherwise be utilized for better purposes.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3216 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. 2104 Health on S.B. No. 1541

The purpose of this bill is to establish the 1987 "Uniform Anatomical Gift Act" which was drafted by the National Conference of Commissioners on Uniform State Laws.

Hawaii currently has a "Uniform Anatomical Gift Act" (Chapter 327, Part I, Hawaii Revised Statutes), but your Committee finds that the 1987 version contained in this bill represents a significant improvement which will be of substantial value in Hawaii's efforts to increase the supply of donated organs and tissues for transplant purposes.

Your Committee received supporting testimony from the Executive Director of the Hawaii Lions Eye Bank and Makana Foundation, the Director of Health, Healthcare Association of Hawaii, Saint Francis Medical Center, the Hawaii Commission to Promote Uniform Legislation, the Medical Examiner, City and County of Honolulu, and others and finds that the current shortage of organs suitable for transplantation remains a critical problem in the State. This bill will be a major step forward which will ultimately benefit many of Hawaii's people who otherwise would not receive needed assistance.

Your Committee has amended this bill as follows:

- (1) Provided that a medical official, taking into account the useful life of the part, may request the procurement organization to inform persons authorized to make an anatomical gift of a decedent's body of their options to make or object to making such anatomical gift;
- (2) Deleted the requirement that the official make a reasonable effort to locate and examine the decedent's medical records and inform the persons referred to in (1) above of their options;

- (3) Deleted the requirement that a hospital representative shall, with the consent of the attending physician, discuss with a patient who is not a donor the option to make or refuse such gift;
- (4) Provided that a law enforcement officer, fireman, paramedic, or other emergency rescuer, attending a body, or a hospital upon admission of an individual at or near the time of death, may, utilizing personal discretion and if time and resources permit, and if doing so would be inoffensive to anyone in the vicinity, make a reasonable search of the personal effects of the person for a document of gift or other information identifying the bearer as a donor or someone who has refused to make an anatomical gift;
- (5) Changed the title of the Chapter to the "Modified Uniform Anatomical Gift Act"; and
- (6) Made numerous other nonsubstantive technical and language changes for the purposes of clarity and style.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 1541, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 1541, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2105 Health on S.B. No. 2774

The purpose of this bill is to update Schedules I, II, and III of Hawaii's Controlled Substances law in order to conform the Schedules to federal regulations.

The bill also amends Section 329-38(f), Hawaii Revised Statutes, to require medical practitioners, when dispensing drugs, to both spell and write, numerically and alphabetically, the amount of drugs prescribed.

Your Committee regularly updates Hawaii's Schedules of Controlled Substances to conform to federal regulations. This bill deletes the substance Alfentanil from Schedule I and places it in Schedule II, and adds Tiletamine/Zolazepam (Telazol) to Schedule III.

Your Committee received supporting testimony from the Attorney General, the Honolulu Police Department, and the Hawaii Medical Association.

Upon further consideration, your Committee has amended the bill by rewriting the new language in Section 329-38(f) to read: "...and shall use both words and figures (e.g. alphabetically and numerically as indications of quantity such as five (5)) to indicate the amount of controlled substance to be dispensed." This will help to control problems of patients altering prescriptions in order to obtain larger amounts of drugs than were actually ordered by the physician.

Your Committee wishes to note that this bill is being approved with the understanding that the current practice of confirming the accuracy of prescriptions shall continue.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 2774, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2774, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2106 Health on S.B. No. 3212

The purpose of this bill is to amend Section 334-31, Hawaii Revised Statutes ("Establishment of state hospital"), to allow admission of persons habituated to excessive use of drugs or alcohol only when they are also mentally ill.

Under current law, a person may be admitted to the State Hospital if he is mentally ill or addicted to drugs or alcohol.

This bill would allow admission of mentally ill persons, or person with dual diagnoses, but not of persons who are not mentally ill.

Your Committee received supporting testimony from the Director of Health and the Hawaii Psychological Association and finds this bill to be consistent with State and legislative policies regarding use of the State Hospital.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3212 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. 2107 Ways and Means on S.B. No. 2856

The purpose of this bill is to expressly allow the University of Hawaii at Hilo to operate and use the vocational and technical training projects revolving fund.

Presently, according to the chancellor of the University of Hawaii at Hilo, because the organizational structure of Hawaii Community College (which has been a part of the University of Hawaii at Hilo) may be modified, it is necessary to permit the University to continue the revolving fund in order to provide continued and uninterrupted services to students enrolled in vocational and technical training projects.

Your Committee has amended the bill by requiring the University of Hawaii at Hilo to submit annual reports as of the close of each fiscal year to the governor and legislature on the revolving fund's revenues and expenditures for purposes of fiscal accountability.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2856, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2856, S.D. 1.

Signed by all members of the Committee except Senator Hagino.

SCRep. 2108 Ways and Means on S.B. No. 2883

The purpose of this bill is to establish a Hawaii Bishop Research Institute to strengthen the research programs of the Bishop Museum and the University of Hawaii.

The Institute would be able to chart its own course, as established by its Board of Directors, yet will serve as neutral ground upon which researchers from the University and the Museum may join together to pursue common interests and goals. The structure of the Institute is uncomplicated and flexible and would be capable of responding to changing conditions.

Your Committee received supporting testimony from the University of Hawaii and the Bishop Museum and finds that the proposed Institute is intended to enhance and promote scholarship, particularly in Hawaiian and Pacific collection-related research and service to the people of Hawaii.

Your Committee has changed the effective date of this bill to July 1, 1988, to coincide with the beginning of the State's fiscal year, and has made technical nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2883, S.D.1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2883, S.D. 2.

Signed by all members of the Committee except Senator Hagino.

SCRep. 2109 Ways and Means on S.B. No. 2955

The purpose of this bill is to provide for increases to the level of care payments and annual cost-of-living adjustments made by the department of human services for persons residing in adult residential care homes.

Your Committee finds that the operators of adult residential care homes are providing a vital community service in caring for the frail elderly, handicapped, chronically mentally ill, and other adults in need of noninstitutional care but who might have been institutionalized if no care home placement was available. Current levels of care payments, however, do not appear to be sufficient to attract more operators to develop care homes in higher cost areas.

Testimony from the department of human services and the executive office on aging noted that the adequacy of the various levels of payment should be addressed by an independent, in-depth study before automatic cost-of-living increases are enacted. Your Committee concurs with this suggestion and has amended the bill by deleting the provision providing for an annual cost-of-living increase to the state supplemental payment and requiring instead that the legislative auditor conduct a study on the adequacy of the level of care payment schedules. Your Committee has also included appropriations in the bill of \$50,000 for the legislative auditor to conduct the study, and \$1,321,200 to fund the level of care increases provided by the bill. Finally, as recommended in testimonies by the department of human services and the department of health, your Committee has provided for the increases to the level of care payments by amending section 346-53, rather than section 346-64, Hawaii Revised Statutes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2955, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2955, S.D. 2.

Signed by all members of the Committee except Senator Hagino.

SCRep. 2110 (Majority) Ways and Means on S.B. No. 2965

The purpose of this bill is to establish an aloha state bond commission to supervise the creation of a plan to establish the aloha state bond program and appropriate \$150,000 therefor. The program would issue and regulate aloha state bonds, which are instruments to be issued by the State permitting holders to participate in drawings for prizes, and which would be redeemable upon its expiration or at any other time.

Under this bill, the commission would be required to develop a program plan including policies, procedures, and statutes necessary to implement the program, for submission to the 1989 Regular Session of the Legislature.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2965, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Hagino.
Senator Herkes did not concur.

SCRep. 2111 Ways and Means on S.B. No. 2971

The purpose of this bill is to authorize the insurance commissioner to study the medical tort liability of obstetricians and gynecologists in the State, to make an appropriation therefor, and to make an appropriation of \$100,000 to subsidize the liability insurance premiums of certain obstetricians and gynecologists.

Your Committee has amended the bill by specifying \$50,000 as the amount to be appropriated for the study required by the bill; by replacing the language of section 2 with that provided and supported by the Hawaii medical association which allows the study to collect information from physicians who practice obstetrics; requires the study to provide information relating to certain specified rural areas and on the number of suits filed against each physician, the outcome of the suits, changes in practice patterns and related information; and requires names and identities to be kept confidential; and by specifying that any amounts appropriated remaining unexpended on June 30, 1989, shall lapse into the general fund. Your Committee has also made a technical nonsubstantive change to the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2971, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2971, S.D. 2.

Signed by all members of the Committee except Senator Hagino.

SCRep. 2112 Ways and Means on S.B. No. 2973

The purpose of this bill is to appropriate funds to assist the city and county of Honolulu in financing drainage and utility repairs of Manoa's eastern hillside. This area has experienced an ongoing problem caused by soil movement and movement of surface and subsurface water which was aggravated by the recent heavy rainfall.

Your Committee has amended the bill by changing the expending agency to the city and county of Honolulu and making a nonsubstantive grammatical change.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2973, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2973, S.D. 2.

Signed by all members of the Committee except Senator Hagino.

SCRep. 2113 Ways and Means on S.B. No. 2988

The purpose of this bill is to provide funds necessary for implementing an increase in the maximum rent supplement payment under the State's rent supplement program.

Under the program, the Hawaii housing authority makes direct rental supplement payments to housing owners on behalf of qualified tenants. Currently, the maximum monthly supplement amount for qualified tenants, i.e., eligible families and elderly persons is \$70 and \$90, respectively. The rent supplement program bases its rental payments to housing owners on twenty per cent of the qualified tenant's adjusted income. The average monthly family income of those in the program is approximately \$1,277, and the average monthly income of an elderly head of household is approximately \$880. The median gross rent on Oahu is \$413.

Your Committee finds that the current maximum monthly supplement amount does not accurately reflect the needs of the average recipient. Further, it is your Committee's understanding that an increase in the rent supplement for eligible elderly persons will not jeopardize or adversely affect other public assistance benefits such as welfare, food stamps, and medicaid which they may be receiving.

Your Committee has amended the bill by: (1) changing the current rent supplement ceiling for eligible families from \$70 to \$100 per month and for elderly persons from \$90 to \$120 per month for the purpose stated herein; and (2) decreasing the amount appropriated to \$1. Your Committee believes that the bill in final form will provide the necessary funding to accommodate the proposed rental supplement payment increases. Your Committee has also made technical, nonsubstantive amendments for the purpose of style.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2988, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2988, S.D. 2.

Signed by all members of the Committee except Senator Hagino.

SCRep. 2114 Ways and Means on S.B. No. 2888

The purpose of this bill is to appropriate \$100,000 to create one new position, and to finance and support student exchange, faculty exchange, summer research salaries, and split faculty appointments to strengthen the instructional programs of the College of Agriculture at the University of Hawaii at Hilo and research and extension programs of the Hawaii Institute of Tropical Agriculture and Human Resources at the University of Hawaii at Manoa.

The intent of the bill is to implement an action alliance among the instructional, research, and extension programs of the College of Agriculture at the University of Hawaii at Hilo, the College of Tropical Agriculture and Human Resources, University of Hawaii at Manoa, and the research and extension programs of the Hawaii Institute of Tropical Agriculture and Human Resources.

Your Committee received supporting testimony from the University of Hawaii and the county of Hawaii Office of the Mayor, and finds that the pooling of resources between institutions having complementary missions can increase the cross-fertilization of ideas and help to guide Hawaii's agricultural industry in the future.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2888, S.D. 1, and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Hagino.

SCRep. 2115 Ways and Means on S.B. No. 3015

The purpose of this bill is to change the name of the Honolulu symphony endowment fund to the State of Hawaii endowment fund.

Act 382, Session Laws of Hawaii 1987, established the Honolulu symphony endowment fund with appropriations for fiscal years 1987-1988 and 1988-1989. This bill renames the fund as well as establishes restrictions on the use of the fund.

Your Committee heard supporting testimony from the Honolulu Symphony and finds that the Honolulu Symphony instead of the Department of Accounting and General Services would be better able to administer the endowment to maximize the rate of return on investment.

Your Committee has made technical, nonsubstantive changes to conform to proper drafting style.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3015, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3015, S.D. 2.

Signed by all members of the Committee except Senator Hagino.

SCRep. 2116 Planning and Environment on S.B. No. 3217

The purpose of this bill is to set forth more stringent criminal penalties for negligent and willful violations of water pollution control laws, rules, permit conditions, and pretreatment requirements.

This bill will enhance enforcement of water pollution control rules by establishing fines and imprisonment penalties for the negligent or knowing violation of any section in Part III, Chapter 342, Hawaii Revised Statutes.

Your Committee received testimony from the Director of Health recommending amendments to this bill that will make Hawaii State laws consistent with the requirements mandated by the Federal Water Quality Act of 1987, Public Law 100-4. The Department of Health is in the process of preparing a redelegation request of the National Pollutant Discharge Elimination System Program (NPDES) from the U.S. Environmental Protection Agency (EPA). In order to complete the redelegation request, the State is required to have the statutory authority to enforce pretreatment requirements and have criminal penalty requirements that are consistent with the Clean Water Act. Failure to obtain redelegation of the NPDES program would result in a loss of \$325,000 of Clean Water Act Section 106 grants to the State.

Your Committee has amended this bill to incorporate existing penalties with the proposed criminal penalties in order to make state statutes consistent with the federal statutes governing water pollution control, thereby making the State eligible for redelegation of the NPDES program.

Under current state law, the criminal penalties for wilful or negligent violation of Part III shall be a fine of not less than \$25,000, nor more than \$100,000, per day of violation, or by imprisonment for not more than two years, or both.

Although the state criminal penalties are in general more severe than the federal criminal penalties, the state criminal penalties are broad and do not distinguish between varying degrees of violation.

Your Committee has addressed those concerns by:

- (1) Deleting the existing penalties for violation of Part III;
- (2) Reestablishing the penalties for violation of Part III in a new section that is consistent with federal statutes;
- (3) Providing criteria and conditions to categorize varying degrees of violation of Part III;
- (4) Defining the necessary terminology;
- (5) Including "industrial user" as a possible source of pollutants, enabling prosecution in the event of a violation of Part III; and
- (6) Making technical corrections and changes and renumbering sections for purposes of accuracy and clarity.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 3217, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3217, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2117 Planning and Environment on S.B. No. 2485

The purpose of this bill is to authorize the Department of Land and Natural Resources (DLNR) to adopt rules relating to the transplanting of any species of aquatic life, wildlife, or land plants which have been deemed by the department to be in need of conservation.

Although testimony provided by DLNR states that adding a provision for transplanting is redundant and unnecessary, there are currently no specific rules or direct references regarding transplanting in chapter 195D, Hawaii Revised Statutes.

The proposed legislation would give DLNR the authority to determine the circumstances under which transplanting would be appropriate and to regulate the conditions under which transplanting would be permitted.

Your Committee finds that transplanting can be a valuable technique in an endangered species recovery plan and would increase the chance for survival of otherwise doomed organisms. In contrast, unauthorized or unregulated transplanting could threaten or continue the demise of native flora and fauna.

Your Committee has amended this bill by changing "transplanting" to "transplantation" to be consistent with federal endangered species legislation.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2485, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2485, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2118 Planning and Environment on S.B. No. 2738

The purpose of this bill is to encourage planning coordination among government agencies and to involve the federal government in the planning process of the State.

Specifically, this bill proposes to make it a state goal to achieve coordination of projects with and among government agencies and make it a state policy to encourage the development and implementation of joint federal and state programs that will support Hawaii's social, economic, physical, and environmental objectives. State functional plans will be required to address federal laws, policies, or programs, and the governor will be required to invite the chairperson from the Federal Executive Board located in the State and the Commander-in-Chief of the Pacific to sit as non-voting ex officio members of the policy council for the state planning process.

Your Committee finds that coordination among government agencies in today's complex environment is imperative in state planning and program implementation, and finds that the State must take an initiative in involving the federal government. Your Committee finds further that this bill supports Legislative intent to increase the effectiveness of government action, and promote efficient use of Hawaii's resources.

Your Committee has amended the bill by making the following changes:

- (1) Alphabetized the definitions listed in Section 226-2, Hawaii Revised Statutes;
- (2) Deleted the definition of "government";
- (3) Deleted the state goal to achieve coordination of projects with and among government agencies which affect residents of the State since it is mentioned as a state policy; and
- (4) Made clarifying language changes which have no substantive effect.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2738, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2738, S.D. 1.

Signed by all members of the Committee.

SCRep. 2119 Consumer Protection and Commerce on S.B. No. 2800

The purpose of this bill is to strengthen the law relating to psychologists under Chapter 465, Hawaii Revised Statutes (HRS).

This bill amends the definition of "psychologist" to clarify that specifically a person represents to be a psychologist if that person uses any title or description of services incorporating the words "psychology", "psychological", or "psychologist"; changes the title of Section 465-3, HRS, from "exception" to "exemption" to be consistent in the use of terminology that is used by other statutes under the jurisdiction of the Department of Commerce and Consumer Affairs (DCCA); and specifies that a person may use the title of "psychological assistant" provided that the person's activities are performed under the direction of a licensed psychologist.

The bill also adds additional titles that may be used by exempted students and trainees to more accurately reflect the titles currently used; specifies that industrial/organizational psychologists may not provide direct psychological services to individuals of the organization, as services rendered should be confined to those provided to the organization itself; and adds a new subsection to Section 465-3, HRS, to specify that the chapter does not prevent provision of expert testimony by psychologists.

Your Committee has amended the bill by making nonsubstantive 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 S.B. No. 2800, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2800, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Matsuura, Tungpalan and A. Kobayashi.

SCRep. 2120 Consumer Protection and Commerce on S.B. No. 2797

The purpose of this bill is to strengthen and clarify Chapter 463E, Hawaii Revised Statutes, relating to podiatrists and the regulation of the practice of podiatry.

Specifically the bill does the following:

- (1) Replaces references to the "National Board of Podiatry" with the "National Board of Podiatric Medical Examiners;"
- (2) Allows the Board of Medical Examiners to accept notification of passage of the National Board of Podiatric Medical Examiners' examination or an equivalent testing agency as valid evidence that the applicant for licensure has met the examination requirement;
- (3) Conforms the acts or conditions that may result in disciplinary action against a licensed podiatrist with those of physicians licensed under Chapter 453;
- (4) Allows the Board to take disciplinary action against a licensee based upon disciplinary action taken against a podiatrist's medical privileges by a federal agency; and
- (5) Corrects a spelling error in the definition of podiatry.

Your Committee received supporting testimony from the Board of Medical Examiners and finds that this administration bill will strengthen the Chapter on podiatry and thereby benefit the consumer of such services.

Your Committee has 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. 2797, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2797, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Matsuura, Tungpalan and A. Kobayashi.

SCRep. 2121 Consumer Protection and Commerce on S.B. No. 2003

The purpose of this bill is to remove Chapter 468K, which regulates travel agencies, from the sunset law schedule.

Your Committee finds that this chapter was inadvertently left on the schedule of laws scheduled for automatic repeal after the new law regulating travel agencies was enacted. Compared to the predecessor law, travel agencies have been deregulated to a substantial degree. Accordingly, your Committee finds that there is no compelling reason to continue the mandatory periodic reviews of the present law.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2003 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, Matsuura, Tungpalan and A. Kobayashi.

SCRep. 2122 Consumer Protection and Commerce on S.B. No. 18

The purpose of this bill was to regulate locksmiths.

While locksmiths provide valuable services to many of Hawaii's residents, there is concern that the kinds of skills utilized in the locksmith profession are similar to the kinds of skills utilized by criminals who specialize in burglary and theft. This bill would require locksmiths and apprentices to be licensed and regulated by the Department of Commerce and Consumer Affairs and would thus provide an added measure of protection to the public against locksmiths and apprentices who would utilize their skills illegally.

Your Committee received testimony from the Department of Commerce and Consumer Affairs (DCCA) and finds that the Legislative Auditor conducted a study on regulating the locksmith profession in 1987 and concluded that licensing is not warranted at this time. However, your Committee finds that there is sufficient reason to provide some kind of safeguard to protect the public.

Therefore, your Committee has amended the bill by deleting its substance and inserting a new chapter into the Hawaii Revised Statutes which would define locksmithing services and require anyone who exclusively provides locksmithing services for compensation to obtain a certificate of approval from the Department of Commerce and Consumer Affairs. The certificate shall be based on a current criminal history records check from the Hawaii Criminal Justice Data Center.

No such applicant would be issued a certificate if the Department finds that the person has been convicted of any unexpunged or unannulled crime posing a threat to the health, safety, or welfare of the community.

Any locksmithing business would also have to obtain certification for any of its employees who provide locksmithing services.

In addition, any other business which provides locksmithing services to any extent may request a certificate from the Department for any employee providing such locksmithing services.

A fee would be assessed for each certificate of approval issued, a portion of which would be used to compensate the Hawaii Criminal Justice Data Center for the criminal history record check.

Your Committee believes that this bill, as amended, will provide protection to the public by allowing the State to establish a measure of control over the profession of locksmithing, without imposing significant additional expenses on the counties or the State.

Your Committee also wishes to emphasize that this bill is not directed at persons who only make keys for a living, but is intended to address those individuals who actually possess the kinds of skills necessary to provide locksmithing services as defined in this bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 18, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 18, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Matsuura, Tungpalan and A. Kobayashi.

SCRep. 2123 Consumer Protection and Commerce on S.B. No. 2793

The purpose of this bill is to permit the Director of Commerce and Consumer Affairs to set fees by rules adopted pursuant to Chapter 91, Hawaii Revised Statutes.

Under Section 26-9(k), the Director is authorized to adopt rules to establish, amend, or repeal registration renewal and late renewal fees; to increase or decrease fees charged by boards and commissions; and to maintain a reasonable relation between the revenues derived from fees and the cost or fair value of services rendered. This bill would grant the Director similar authority under Chapter 514A, the Horizontal Property Regime law, to set fees, including filing fees, issuance fees for public reports, related reimbursement fee amounts, and managing agents' registration fees.

Your Committee received supporting testimony from the Real Estate Commission and finds that this bill will strengthen the ability of the Department to administer the laws relating to condominiums.

Your Committee has amended this bill by completing the spelling of "request" on page 3, line 8 and by making other 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. 2793, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2793, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki, Matsuura, Tungpalan and A. Kobayashi.

SCRep. 2124 Judiciary on S.B. No. 2025

The purpose of this bill is to amend the appointment procedure of per diem district judges by requiring per diem district judges to be appointed by the Chief Justice from a list of not less than three nominees submitted by the Judicial Selection Commission. Each nominee shall have been an attorney licensed to practice in the State for at least five years. The bill also requires the Chief Justice to inform the Commission of any per diem judges who the Chief Justice wishes to reappoint to a new term, and requires the commission to determine whether the per diem judge should be retained. .

Your Committee heard supporting testimony from the Judiciary, stating that the involvement of the Judicial Selection Commission in the screening of nominees will assist the Chief Justice in appointments of per diem district judges.

Your Committee also heard supporting testimony from the Department of the Prosecuting Attorney of the City and County of Honolulu.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2025 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. 2125 Judiciary on S.B. No. 2112

The purpose of this bill is to broaden the definition of "fugitive from justice" under section 134-1, Hawaii Revised Statutes, to include those persons who flee from countries other than the United States to avoid prosecution for a felony or to avoid giving testimony in any criminal proceeding.

Currently, a fugitive from justice is prohibited from owning or possessing any firearm or ammunition. Your Committee has received favorable testimony from the Honolulu Police Department indicating that under the existing definition, an American citizen fleeing prosecution for a felony in a foreign country could legally own or possess a firearm. Your Committee believes that the bill as proposed is necessary for purposes of public safety to effectively prohibit those persons described herein from owning or possessing firearms or ammunition.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2112 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. 2126 Judiciary on S.B. No. 2124

The purpose of this bill is to establish statutory authority to enable motion picture and television production personnel to transport, possess, or use, with blank cartridges, firearms or explosives solely as props.

Hawaii has been featured in a number of films and television programs and your Committee believes that access to Hawaii as a film location should be as open as possible without infringing on the rights and security of the people of Hawaii. A number of films and programs use firearms or explosives within their storyline and the inability to possess such firearms and explosives by motion picture and television production personnel within this State is a distinct disadvantage which would hinder the promotion of Hawaii in this industry. However, your Committee finds that because firearms and explosives are involved, proper safeguards are needed to ensure that the transportation, possession and use of such equipment will not jeopardize the safety of the people of Hawaii.

This bill establishes the procedure for the motion picture and television production personnel to apply for a special permit to transport, possess and use firearms and explosives as props. Further, the Attorney General shall have the responsibility and authority to enforce the statute and to promulgate regulation necessary to implement this statute.

Your Committee amended this bill by deleting the reference to "manufacture" of firearms or explosives because this function is not in accord with the intent and purpose of the bill. The bill is also amended to state which individuals may be issued permits, so that the provision is consistent with the present statutory restriction. Further, a minimum fee of \$100 for each application is established. Finally, the bill is amended to specifically provide for the right to inspect firearms and explosives regulated under this permit system.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2124, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2124, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2127 Judiciary on S.B. No. 2153

The purpose of this bill is to recodify the existing law with respect to destroying or defacing official notices to place it in a chapter to which it more appropriately relates. This has been done by repealing the existing law and reenacting its provisions under the portion of the Penal Code which relates to the obstruction of public administration.

Your Committee heard testimony from the Department of Health and the Office of the Public Defender in support of this bill. Your Committee is in agreement that statutory definitions of penal offenses should limit the relevant states of mind to those recognized by statute as sufficient for penal liability. Those states of mind are intentional, knowing, reckless, and negligent, and of these, the state of mind most closely approximating the connotation of "malicious" is "intentional".

Accordingly, your Committee has amended section 1 of the bill by substituting the word "intentionally" for the word "maliciously" in line 5.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2153, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2153, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2128 Judiciary on S.B. No. 2186

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

Your Committee amended the bill by deleting section 23 pursuant to testimony submitted by the Department of Taxation. The changes made by section 23 of the bill as received would have substantive effects beyond the scope of the title of this bill, and thus are not appropriate for inclusion in this bill. Your Committee has also deleted sections 12 and 62 of the bill as received, rather than simply deleting references to repealed sections as provided by this bill. Your Committee finds it preferable to make other changes to those sections of a housekeeping nature for which this bill is not an appropriate vehicle.

L 1987, Act 209, section 1, amended section 11-72, and, in so doing, inadvertently changed the phrase in paragraph (4)(B), "in the event that a party's proportion of votes cast exceeds" to "in that event that a party's proportion of votes cast exceed". Pursuant to section 23G-15, the revisor of statutes has made the appropriate changes as indicated by the

bracketing of the word "the" and by changing the word "exceed" back to "exceeds". The section is amended by deleting the brackets to ratify the actions of the revisor.

Section 11-213(a), concerns primary and special primary elections. The first sentence in subsection (a) originally referred to primary and special primary elections, but L 1987, Act 369, section 1(11) dropped the second "primary" so that the sentence now refers to primary and special elections. Since special elections differ from special primary elections and are covered in section 11-213(b), section 11-213(a) should be corrected. The revisor, pursuant to section 23G-15, has made the correction and indicated the change by inserting the word "primary" in brackets. The section is amended by deleting the brackets to ratify the actions of the revisor.

Section 11-216 was partially amended by L 1987, Act 369, section 1(13). The prefatory language of section 1(13) stated that subsections (c) and (f) were amended. When subsection (f) was set out, however, it was erroneously labeled subsection (d), although the actual text was that of subsection (f). The revisor, pursuant to section 23G-15, has corrected this typographical error, and has indicated the change by bracketing. This subsection is amended by deleting the brackets to ratify the actions of the revisor.

Section 26-9(c) refers to a board by its obsolete title. Under L 1983, Act 155, section 2, the board of registration of professional engineers, architects, and surveyors became the board of registration of professional engineers, architects, surveyors, and landscape architects. Section 26-9(c) is amended to reflect this change.

Section 46-4(a) concerns county zoning. The second to the last paragraph originally stated that this section is not to be construed to "limit or repeal" the counties' powers. L 1987, Act 109, section 2, through an apparent clerical error, changed "repeal" to "appeal". The use of the word "appeal" makes no sense in this context. Pursuant to section 23G-15, the revisor has changed "appeal" back to "repeal", as indicated by brackets. Section 46-4(a) is amended by deleting the brackets to ratify the actions of the revisor.

Section 46-4(d) contains a reference to elderly persons as defined in section 359-52. L 1987, Act 354, section 2, repealed part III of chapter 359, which contained section 359-52, with the result that section 46-4(d) now contains a reference to a nonexistent section. Act 354, section 2, also enacted a new section, 359G-71, which contains the definition, but was moved to another chapter by L 1987, Act 337, section 23. The section has been codified by the revisor as section 201E-230. Section 46-4(d) is amended to reflect the correct statutory reference.

Section 46-15.4(a) contains a reference to section 445-91. That section was repealed by L 1987, Act 333, section 8. Section 46-15.4 is amended to delete the reference to the repealed section.

Section 53-84(3)(E) refers to the word "council" as used in section 53-16(e). Section 53-16(e), however, does not refer to "council", but refers to "members". The original version of section 53-84(3)(E), as enacted in L 1974, Act 123, section 2, also refers to "members". The change of the word "members" to "council" appears to have been a clerical error. The revisor, pursuant to section 23G-15, has corrected this error, as indicated by brackets, to replace "council" with "members". Section 53-84 is amended by deleting the brackets to ratify the actions of the revisor, and to make other nonsubstantive changes to conform to appropriate drafting style.

Section 92-24(4) refers to the fund authorized by section 416-97. Chapter 416 was repealed by L 1987, Act 135, section 208. As a result, section 92-24(4) refers to a section which no longer exists. Section 415-128 is the current reference to the same fund originally created by section 416-97. Section 92-24 is amended to reflect the appropriate reference.

Section 92-28 contains references to provisions that have been repealed. Chapter 6 was repealed by L 1976, Act 104, section 4; L 1980, Act 293, section 6; and L 1981, Act 135, section 2. Chapter 28, part III, was repealed by L 1983, Act 78, section 2, and current provisions are located in chapter 846, part II, pursuant to the same Act. Chapter 434 is repealed effective July 1, 1988, under L 1987, Act 347, section 1. Chapter 443A was repealed by L 1987, Act 191, section 4. Section 92-28 is amended to reflect these changes.

Section 104-1 contains numbered definitions, two of which refer to "subsection (6)". Both of these references are changed to "paragraph (6)" to conform to appropriate drafting style.

Section 174C-5(11) refers to the department of planning and economic development. L 1987, Act 336, section 3, changed the department's name to the department of business and economic development. Section 174C-5 is amended to reflect this change. Technical nonsubstantive changes have also been made.

Section 201E-2 contains a definition of "eligible developer" that refers to chapter 421G. This chapter was repealed by L 1987, Act 105, section 2. The current reference, as established by the same Act and as numbered by the revisor under section 23G-15 is chapter 421H. Section 201E-2 is amended to reflect this change.

Section 201E-3 refers to the department of planning and economic development. L 1987, Act 336, section 3, changed this agency's name to the department of business and economic development. Section 201E-3 is amended to reflect this change.

Section 201E-161(a), enacted by L 1987, Act 337, section 15, contains two sets of paragraphs numbered (1) and (2). The use of two sets of numbered paragraphs in one subsection is ambiguous and may lead to confusion because a reference to "subsection (a)(1)" could be to either of two different provisions. Section 201E-161(a) has been divided into two separate subsections.

Section 208-4 refers to the members of the board of planning and economic development, as constituted in section 26-18. However, L 1983, Act 239, section 2, abolished that board. Section 208-4 is amended to reflect this change.

Section 209E-2 contains references to the department of planning and economic development. L 1987, Act 336, section 3, changed the department's name to the department of business and economic development. Section 209E-2 is amended to reflect this change.

As enacted by L 1987, Act 336, section 4(5), section 226-55(12) referred to sections 226-57 "an" 226-58. The word "an" is a clerical misspelling of the word "and". Under the authority of section 23G-15, the revisor has changed "an" to "and" as indicated by brackets. The statute is amended by deleting the brackets to ratify the actions of the revisor, and to make other corrections to conform to accepted drafting style.

Section 235-4 refers to professional corporations incorporated under chapter 416 which was the general corporation law. L 1985, Act 259, section 1, enacted a new chapter, 415A, for professional corporations. As professional corporations are no longer formed under chapter 416, which was repealed by L 1987, Act 135, section 208, section 235-4 is amended to include the reference to chapter 415A. The reference to chapter 416 is retained in recognition of professional corporations which were validly incorporated under chapter 416 before chapter 415A took effect.

Section 235-55.8 contains a reference to the department of social services and housing. The department was divided in 1987, and the social services component was renamed the department of human services by L 1987, Act 339, section 2. Section 235-55.8 is amended to reflect this change.

Section 235-110.7 refers to capital goods excise tax credits. As enacted by L 1987, Act 239, section 1(1), section 235-110.7(a) refers to the year in which the credit is "property" claimed. The correct phrase should be "properly" claimed. Pursuant to section 23G-15, the revisor has changed the typographical error "property" to "properly", as indicated by the brackets. Other technical and nonsubstantive changes have been made. This section is amended by deleting the brackets to ratify the actions of the revisor.

Sections 304-66.2 and 304-66.4 concern the need for medical residents needed by correctional facilities and rural communities. The sections contain a reference to the department of social services and housing. That designation is obsolete as that agency has been divided and renamed by L 1987, Act 338, which created the department of corrections, and L 1987, Act 339, which changed the "department of social services and housing" to the "department of human services". Pursuant to L 1987, Act 338, the agency having jurisdiction over correctional facilities is now the department of corrections. Sections 304-66.2 and 304-66.4 are amended to change "department of social services and housing" to "department of corrections".

Section 321-11.2 originally consisted of three sections in L 1986, Act 328. Pursuant to section 23G-15, the revisor consolidated them into one section composed of three subsections, all of which are indicated by brackets. Section 321-11.2 also refers to the department of social services and housing, which has been divided and renamed under L 1987, Acts 338 and 339. The correct reference here is now to the department of human services. Finally, the last word in subsection (b) was originally "part". As part of the consolidation, the revisor changed the term to "section" and indicated the change through the use of brackets. This section is amended to reflect the change of "department of social services and housing" to "department of human services", of "part" to "section", and to add subsection references, and to ratify the actions of the revisor by deleting the brackets.

Sections 321D-1 and 333F-13 refer to the department of social services and housing, the former title of the department of human services. The department of social services and housing was divided in 1987, and the social services component was renamed the department of human services by L 1987, Act 339, section 2. Sections 321D-1 and 333F-13 are amended to change "department of social services and housing" to "department of human services".

Section 338-21(a)(1) as enacted by L 1987, Act 100, section 2, referred to the marriage of the natural "parent" with each other. The correct term should be "parents". Pursuant to section 23G-15, the revisor has changed "parent" to "parents" as indicated by the brackets. This section is amended by deleting the brackets to ratify the revisor's actions.

Section 347D-1 refers to the department of social services and housing, the former title of the department of human services. The department of social services and housing was divided in 1987, and the social services component was renamed the department of human services by L 1987, Act 339, section 2. Section 347D-1 is amended to reflect this change.

Section 350-1 refers to children who are victims of, among other things, rape and sodomy. Those terms are not currently in use under Hawaii's penal code as they were replaced by the term "sexual assault", by L 1986, Act 314, sections 56 and 57. Section 350-1 is amended to conform to the language currently in use.

Section 351-84(c) as proposed by S.B. No. 592-86, S.D. 1, H.D. 1, contained a clause pertaining to disbursement of moneys to a judgment creditor. Page 5 of the draft, at subsection (c), began: "The commission shall disburse to a judgment creditor for the purposes of satisfying a judgment moneys from the special account if" certain requirements were met. However, C.D. 1 of the bill changed the grammatical structure of the phrase to "Moneys remaining after disbursement under subsection (b) shall be disbursed to a judgment creditor, for the purpose of satisfying a judgment, moneys from the special account if" the specified requirements are met. This language was enacted by L 1986, Act 155, section 1. The repetition of "moneys" is confusing, grammatically awkward, and the revisor of statutes has indicated through the use of brackets and a note that the second reference to the word "moneys" should be deleted. Section 351-84(c) is amended to delete the unnecessary term.

Section 353-11.5(a) refers to sections 353-47, which was repealed by L 1987, Act 338, section 3(2). The current reference is section 353-29, established by the same Act. Section 353-11.5 is amended to reflect this change.

Section 353-22.6 refers to work furlough moneys earned pursuant to section 353-22.5. Section 353-22.5 was repealed by L 1987, Act 338, section 3(2). The new section referring to work furloughs is section 353-17 enacted by the same Act. Section 353-22.6 is amended to reflect the current reference.

Section 353-62(a) refers to the Hawaii paroling authority. L 1987, Act 338, section 5, dropped the word "paroled" from paragraph (5) so that instead of having supervisory power over paroled individuals, the authority has that power over all individuals. This section is amended to restore the word "paroled".

Section 353D-4, which relates to the offender family service center, refers to the director of social services. The department of social services and housing has been divided into the department of human services and the department of corrections by L 1987, Acts 338 and 339. The appropriate reference in section 353D-4 should be to the director of corrections, and this section is amended to reflect that change.

Section 392-5(21), as established in L 1987, Act 345, section 4, originally referred to a supported work "component" under a new section which was ultimately codified by the revisor of statutes as section 346-205. However, the actual phrase used by section 346-205 is "subcomponent". Pursuant to section 23G-15, the revisor substituted "subcomponent" for "component", and indicated the change by the use of brackets. The section is amended by deleting the brackets to ratify the actions of the revisor.

Section 394-9 refers to the "department of planning and economic development" which was changed by L 1987, Act 336, section 3, to be the "department of business and economic development". Section 394-9 is amended to reflect the department's present title.

The title to section 403-65 originally read "Directors meetings; examination of reports." The word "of" was inadvertently dropped from L 1987, Act 103, section 1. The title to section 403-65 is amended to include this word, because the section concerns the examination by bank directors of reports concerning certain loans and investments and does not concern examinations.

As originally enacted by L 1931, Act 177, section 56, section 403-94, restricted bank loans made to officers and other enumerated personnel of the bank, and to certain companies in which officers or directors had an interest. The language restricting loans made to officers and other personnel of the bank was omitted by L 1987, Act 104, section 1. The omission appears to have been inadvertent as there is no reference to this change in the committee reports, and the deletion was not accomplished in the bill by bracketing, but by simple omission. Section 403-94 is amended to include the omitted phrase.

Section 403-196.5(4) refers to priority of unsecured claims in the event of a bank liquidation or insolvency. The paragraph states that certain claims of controlling persons are not entitled to priority "under this subsection". The term is changed to "paragraph" to conform to accepted drafting style.

Section 415-5(d) was amended by L 1987, Act 135, section 3. The amendment consisted of removing the words "defense of" and substituting the word "defending". In so doing, a clause appears to have been dropped inadvertently. Pursuant to section 23G-15, the revisor has restored the language and indicated the change by the use of brackets. This section is amended by deleting the brackets to ratify the actions of the revisor in restoring the omitted clause, and to make a grammatical correction.

In amending section 415B-7, L 1987, Act 135, section 135, inadvertently omitted a clause in the introductory paragraph. Pursuant to section 23G-15, the revisor has restored the clause and indicated the change by the use of brackets. The section is amended by deleting the brackets to ratify the actions of the revisor.

L 1987, Act 135, section 169, inadvertently omitted a phrase in amending section 415B-92(1). Pursuant to section 23G-15, the revisor has restored the language and indicated the change by the use of brackets. The section is amended by deleting the brackets to ratify the actions of the revisor.

L 1987, Act 135, section 172, inadvertently omitted a phrase in amending section 415B-96. Pursuant to section 23G-15, the revisor has restored the language and indicated the change by the use of brackets. The section is amended by deleting the brackets to ratify the actions of the revisor. Additionally, the word "theretofore" was accidentally changed to "therefore". This too is restored, as it is the appropriate term in that context.

L 1987, Act 135, section 180, inadvertently omitted three phrases in amending section 415B-108. Pursuant to section 23G-15, the revisor has restored the language and indicated the change by the use of brackets. The section is amended by deleting the brackets to ratify the actions of the revisor.

L 1987, Act 135, section 201, inadvertently omitted the word "of" in amending section 415B-155. Pursuant to section 23G-15, the revisor has restored the language and indicated the change by the use of brackets. The section is amended by deleting the brackets to ratify the actions of the revisor.

L 1987, Act 135, section 203, inadvertently omitted a phrase in amending section 415B-157. Pursuant to section 23G-15, the revisor has restored the language and indicated the change by the use of brackets. The section is amended by deleting the brackets to ratify the actions of the revisor.

Section 421H-1(2), refers to certain types of corporations "organized as a nonprofit corporation under sections 416-19 and 416-26". Chapter 416 was repealed by L 1987, Act 135, section 208. Nonprofit corporations are now organized under chapter 415B, as enacted by L 1985, Act 270, section 1. The section is amended to add a reference to chapter 415B. The reference to chapter 416 is retained to apply to nonprofit corporations incorporated prior to the effective date of chapter 415B.

Section 425-12(b) refers to the fund authorized by section 416-97. Chapter 416 was repealed by L 1987, Act 135, section 208. Section 415-128 is the current reference to the same fund originally created by section 416-97. Section 425-12(b) is amended to reflect the current reference.

Section 425-22 refers to the fund authorized by section 416-97. Chapter 416 was repealed by L 1987, Act 135, section 208. Section 415-128 is the current reference to the same fund originally created by section 416-97. Section 425-22 is amended to reflect the current reference.

Section 444-16.5 referred to wages, "as defined in section 104-1(5)". That section was amended by L 1987, Act 288, section 2, and as a result, the definition of wages was renumbered as section 104-1(6). Pursuant to section 23G-15, the revisor has made the appropriate change in section 444-16.5 so that it refers to the correct provision. Section 444-16.5 is reenacted to ratify the actions of the revisor.

Section 478-9 states that certain federal provisions are inapplicable to the State "by the terms on this Act". The word "Act" was included as part of the renumbering of and amendments made to the section by L 1986, Act 137, section 1. As used in the text of a statutory section, however, the term is ambiguous as after the merger into the larger codification of the Hawaii Revised Statutes, specific acts are no longer demarcated. Accordingly, the term "section" states more clearly what is being referred to. Section 478-9 is amended to substitute the word "section".

L 1987, Act 274, section 5, inadvertently omitted one word from the original text, and substituted another, in two separate places when amending section 480-14. As enacted, subsection (a) referred to recovery of "the action damages" rather than "actual" damages, and the last part of subsection (d) referred to the distribution of damages "of" the indirect purchasers, rather than "to" them. Pursuant to section 23G-15, the revisor has restored the original language, and indicated the change by the use of brackets. Subsections 480-14(a) and (d) are amended by deleting the brackets to ratify the actions of the revisor.

Section 482-3 refers to names of corporations or partnerships registered in accordance with, among others, chapters 416 and 418. Chapters 416 and 418 were repealed by L 1987, Act 135, section 208. Business corporations are now organized under chapter 415, nonprofit corporations under chapter 415A, and foreign corporations under chapter 415B. Section 482-3 is amended to include references to the new provisions, although the reference to chapters 416 and 418 are retained in recognition of corporations previously organized.

Prior to 1987, section 485-2 concerned the commissioner of securities, administrative rules, deputies, and the filling of vacancies. L 1987, Act 373, section 1, deleted provisions relating to all subjects other than the commissioner of securities. However, the title of the section was not amended to reflect the restricted scope of the section. The title is amended to reflect the changes to the text of the section by reading simply "Commissioner of securities".

In amending section 502-17(a), L 1987, Act 303, section 1, inadvertently changed an "or" to an "of" so that the phrase "ahupuaa or ili" read "ahupuaa of ili". Pursuant to section 23G-15, the revisor has restored the word "or" and indicated the change by the use of brackets. The section is amended by deleting the brackets to ratify the actions of the revisor.

Section 560:2-105.5 refers to passing title to certain real property when a person dies without a will. As originally enacted by L 1987, Act 307, section 1, the section referred to the "decendent's" interest in the property. That word should read "decendent's", meaning the one who has died, rather than "decendent's", meaning an offspring. Pursuant to section 23G-15, the revisor has changed the word back to "decendent's" and indicated the change by the use of brackets. The section is amended by deleting the brackets to ratify the actions of the revisor.

Sections 586-10.5 and 588-4 refer to the department of social services and housing. L 1987, Act 339, renamed the pertinent part of the department the department of human services. These sections are amended to reflect this change.

Section 710-1077 was amended by L 1987, Act 176, section 3. In so doing, a phrase was inadvertently dropped from subsection (1)(i). The omission appears unintentional as it was not accomplished in the bill by bracketing. The phrase was simply omitted. Section 710-1077(1)(i) is amended to restore the correct wording.

Section 804 refers to the right of criminal defendants to bail. An amendment to this section by L 1987, Act 139, section 4, states that a defendant who has filed a "writ or certiorari" be "detain" unless certain circumstances occur. The appropriate language should be "writ of certiorari" and "detained". Pursuant to section 23G-15, the revisor has made the appropriate changes: "detained" has been corrected, and "of" inserted in the same sentence. Section 804-4 is amended to ratify the actions of the revisor.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2186, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2186, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2129 (Majority) Judiciary on S.B. No. 2435

The purpose of this bill is to propose an amendment to the Constitution of the State of Hawaii, Article VI, Section 3, to change the manner of appointment of Justices and Judges.

This bill provides that the Senate shall approve every appointment by a majority vote. If the Senate fails to approve any appointment within thirty days, the Senate shall be considered to have rejected the appointment.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2435 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.
Senators Cobb and Tungpalan did not concur.

SCRep. 2130 Judiciary on S.B. No. 2441

The purpose of this bill is to clarify and improve the existing language and to make certain substantive changes of the Firearms, Ammunition, and Dangerous Weapons Act.

Your Committee made a number of substantive changes to this bill as a result of testimony received.

The bill as introduced changes the word "sojourn" in the current statute and replaces it with the phrase "temporary dwelling." The word sojourn means not only a temporary dwelling. It also includes destinations which involve a brief or temporary visit. Accordingly, the bill is amended to retain the current wording of "sojourn."

Subsection 134-2(a) in the bill is amended by adding the phrase "before the ownership of the firearm may be acquired" to clarify the requirements on the transfer of a firearm by inheritance or bequest.

Subsection (a) and (b) in Section 134-3 are reordered to present a more logical structure to this section.

Because of the concern by the police department regarding physical inspection of firearms that are in the possession of firearms dealers, the bill is amended to provide for such inspection as a condition in which the dealer in firearms must accept in order to receive a license to sell firearms.

The current statute prohibits the possession or ownership of a firearm by any person, who as a minor, was adjudicated to have committed a felony or any crime of violence. This bill as introduced amends this provision to prohibit such a minor from possessing or owning firearms and eliminates the consideration of a person's juvenile history in determining disqualification of an applicant. In place of this deletion, your Committee amended this bill in section 134-7 (c) to provide that an adult, adjudicated as a minor to have committed a crime of violence which constituted a felony, may be permitted possession or ownership of a firearm after having reached the age of 25, and, of course, provided that all statutory conditions are met. Your Committee finds that an adult, although with a criminal record as a minor, should be afforded the opportunity to rehabilitate and should not be deprived of employment opportunities or recreational pursuits.

Subsection 134-7 (d) of the bill is amended to prohibit ownership by a minor who is or has been under treatment for addiction unless cured.

Although superfluous, the phrase "In an exceptional case" is reinserted in the bill in subsection 134-9 (a) to conform to the current wording of the statute.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. 2441, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2441 S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2131 Judiciary on S.B. No. 2517

The purpose of this bill is to correct an inadvertent deletion in the statute relating to Assault in the Second Degree.

Recent statutory revisions to the statutes relating to Assault in the Second Degree had resulted in the inadvertent deletion of the phrase "to another person" from Section 707-711(1)(d) of the Hawaii Revised Statutes. This bill corrects the error and adds no substantive change.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2517 and recommends that it pass Second Reading and be put on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2132 Judiciary on S.B. No. 2521

The purpose of this bill is to allow the State to recover the costs of extradition from a non-indigent defendant.

Your Committee held a hearing on the bill and finds that the State should be able to recover the cost of extradition or return of a non-indigent defendant when ordered to do so by the court.

Your Committee has amended the bill to allow the court to order the non-indigent defendant or petitioner to reimburse the State for the cost of extradition or return.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2521, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2521, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2133 Judiciary on S.B. No. 2523

The purpose of this bill is to exempt jurors and witnesses from paying fines for parking violations while attending court duties.

Your Committee held a public hearing and received testimony from the City and County of Honolulu's Prosecuting Attorney, the Judiciary, and the Office of the Public Defender.

Jurors and witnesses in judicial proceedings perform important civic duties in our democratic system of government, frequently on short notice. For this reason, your Committee finds that jurors and witnesses should not be penalized when their presence at court proceedings results in receiving parking tickets.

Your Committee amended this bill to clarify the language regarding court clerks and to provide exemption from paying fines while attending court duties for any court, not just the circuit court.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2523, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2523, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2134 Judiciary on S.B. No. 2536

The purpose of this bill is to require the court to impanel a special investigative grand jury at the request of the attorney general or county prosecutor.

Your Committee recognizes the need to impanel special investigative grand jury at the request of the prosecutorial authority, however, the establishment of such grand juries is not provided in the current statute. Presently, the impaneling of special investigative grand juries is at the discretion of the court. Your Committee heard testimony which brought to light the delay which may result where the court may not approve of the target of an investigation.

Your Committee has amended the bill to permit only the attorney general to request the impanel of special investigative grand jury. Due to the nature of such investigations, your Committee finds that the attorney general, as chief law enforcement officer of the State, should be the only authority with the power to request impaneling.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2536, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2536, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2135 Judiciary on S.B. No. 2545

The purpose of this bill is to require justices and judges to file financial disclosure statements with the State Ethics Commission.

This bill is part of the legislative crime package proposed by the law enforcement agencies. Your Committee heard testimony from the State Ethics Commission and the Judiciary opposing the passage of this bill on various grounds. Presently, all justices and judges are required to file financial disclosure statements with the court but not with the State Ethics Commission by rule promulgated by the Hawaii Supreme Court. However, your Committee finds that financial disclosure by justices and judges should more appropriately be required by statute than by rule, and in any event, such disclosure statements should be filed with the Ethics Commission.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2545 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. 2136 Judiciary on S.B. No. 2556

The purpose of this bill is to extend the statute of limitations in child sexual abuse cases to the victim's twenty-first birthday.

Your Committee finds that in child sexual abuse cases because of the victims' immaturity, the crime is often not reported until the child has sufficiently matured to understand the significance of the abuse or until some traumatic event occurs which brings to light the previously unreported sexual abuse. Frequently, the eventual report or discovery occurred after the expiration of the statute of limitations for the prosecution of the offense. Your Committee finds that due to the nature of these offenses, the statute of limitations should be extended to a more reasonable period to cover these situations.

This bill will provide that if the sexual offense occurred when the victim was less than eighteen years of age, and the applicable period of limitation has expired, then the prosecution may still be commenced until the twenty-first birthday of the victim.

Further, your Committee amended the bill to restrict the application of the extended period to no more than four years after the expiration of the applicable period of limitation.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2556, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2556, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2137 Judiciary on S.B. No. 2565

The purpose of this bill is to add a new section to Chapter 712, which makes promoting a controlled substance in, on or near schools a Class C felony.

Your Committee on Judiciary received testimony in support of this bill from the Honolulu Police Department and the Prosecuting Attorney both of whom reported an alarming increase of drug sales occurring in our elementary and secondary schools. Furthermore, sales and drug transactions are occurring with greater frequency near the vicinity of our schools. Your Committee believes that vigorous steps must be taken to prevent the flow of illegal drug traffic to the youth of our State.

The present bill makes it an offense to promote any amount of a controlled substance in, on, or within 1,000 feet of property of a public or private elementary or secondary school.

Your Committee has amended the bill by clarifying the title to state the offense as promoting a controlled substance "in, on or near" schools. Further, your Committee has amended the bill by making distribution of any amount of a controlled substance within 500 feet of the school an offense. Your Committee feels, based on the testimony presented, that this is a more realistic and justifiable limit which will not impede police efforts in halting drug traffic and sales to our elementary and high school students.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2565, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2565, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2138 Judiciary on S.B. No. 2569

The purpose of this bill is to amend Section 708-8100 of the Hawaii Revised Statutes, Fraudulent Use of a Credit Card, by lowering the amount which constitutes the offense from \$500 to \$300.

Your Committee finds that the offense of Fraudulent Use of a Credit Card should be the same as that for theft of the same value of money, goods, services, or anything else of value. Presently, the theft of property or services which is valued at more than \$300 constitutes theft in the second degree which is a Class C felony under section 708-831.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2569 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. 2139 Judiciary on S.B. No. 2574

The purpose of this bill is to amend section 707-726 relating to custodial interference in the first degree.

Your Committee finds that if a non-custodial parent violates the terms of the divorce decree and knowingly fails to return the child to the custodial parent after the visitation has terminated, the only sanction presently available is a contempt of court proceeding. This bill will allow the court to order the non-custodial parent extradited back to Hawaii to face felony charges. This bill now provides that such action warrants criminal penalties, and is created to deter what is commonly referred to as "child snatching."

Your Committee has made technical and grammatical changes to clarify the intent of the bill.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2574, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2574, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2140 Judiciary on S.B. No. 2575

The purpose of this bill is to allow police officers to issue citations to nonresidents.

Under current law, a police officer may, but need not, issue a citation to an individual committing an offense in lieu of arresting the offender provided that certain factors are present. One of the factors that must be present before an officer can issue a citation in lieu of an arrest is that the offender be a resident of the State of Hawaii. This has often led to situations where individuals who would normally never be arrested are taken to a police stations for booking. A citation,

if provided for by law, would have been more than sufficient in those cases. Current law has had the greatest adverse impact on tourists.

This bill retains the requirements that the officer must be reasonably satisfied that the offender will appear in court, has no outstanding arrest warrants, and that the offense is of such a nature that there will be no further police contacts on the date in question or in the immediate future before a citation may be issued. These requirements appear sufficient to guarantee the orderly administration of justice in the State of Hawaii. There should be no need for the requirement that one must be a resident before a citation can be issued.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2575 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. 2141 Judiciary on S.B. No. 2578

The purpose of this bill is to clarify the statute on reckless endangering in the first degree.

The statute relating to reckless endangering in the first degree is a felony offense which penalizes the person who "employs widely dangerous means in a manner which recklessly places another person in danger of death or serious bodily injury." In 1978, the Legislature added to this statute the phrase "or intentionally fires a firearm in a manner which places another person in danger of death or serious bodily injury". The Legislature felt that the grave dangers posed by the use of a firearm justified a felony sanction, which, previous to the amendment, would only have been a misdemeanor. The intent of the amendment was to penalize the person who intentionally fires a firearm in a manner which recklessly places another person in danger of death or serious bodily injury. However, the 1978 amendment had inadvertently left out the word "recklessly." This bill corrects the deletion by inserting the word.

Further, your Committee amended the bill by deleting Section 2 of the bill. Section 2 eliminates the offense of reckless endangering in the second degree. Your Committee finds that this offense should remain as a criminal offense since it covers a broader range of reckless conduct than reckless endangering in the first degree.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2578, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2578, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2142 Judiciary on S.B. No. 2713

The purpose of this bill is to amend the one-day/one-trial jury system to require potential jurors who are not selected as a juror for a trial to return to the jury pool for the day instead of being excused or dismissed from service immediately thereafter.

According to the judiciary, the Center for Jury Studies, National Center for State Courts, projects an increase of three and one-half to four times the number of jurors needed in implementing a one-day/one-trial system. The judiciary presently uses approximately 9,000 jurors a year. An increase of four times would require approximately 36,000 jurors per year. If jurors were released after sitting through one voir dire, this number would increase. This bill would instead require jurors to await reassignment and thus would allow for better juror utilization and reduce juror fee costs.

The principal advantages of a one-day/one-trial term of service are not monetary. Normally, jurisdictions that institute a one-day/one-trial system must bring more citizens to the courthouse as potential jurors than under the previous system. Increases reported by other jurisdictions in the number of jurors summoned per week range from 100 per cent to over 1,000 per cent. Accordingly, both the burden and benefits of jury service are shared more broadly in the community. Ninety per cent of those who appear and serve report that the benefits of first-hand exposure to the judicial system outweigh inconveniences, in that their impressions of jury service remain or have become favorable. As the number of citizens serving increases, more citizens become familiar with the judicial system. Citizens achieve a greater understanding of legal processes and have an enhanced feeling of participation in government.

As the term of service shrinks, fewer excuses are sought and fewer granted. There is less reason to seek an excuse from service if one's exposure is a trial of two or three days or a single day if not selected. Excuses that are compelling when service may occur sporadically over 30 days evaporate when service is reduced to one to three days and there is less need for judges to accede to requests when they are made.

With a short term, there also is less need to continue exemptions from service. Exemptions are granted because it is thought the cost of the social disruption caused by these groups sitting as jurors exceeds the benefits of having them sit. As the term of service shrinks to one day, this rationale disappears for almost everyone. Even citizens involved in law enforcement and providing emergency services normally can be excused for a day. Certainly if they get ill, their employers are able to cover their absence. If employers can cover unscheduled absences of a day or two for illness, they should be able to cover an employee's scheduled absence for a day of jury service.

Even in jurisdictions that have not reduced the term of service to one day, the national trend clearly is to limit substantially or eliminate exemptions. When exemptions are eliminated, the perception that certain individuals in society are avoiding a civic responsibility imposed on all others is removed. When the term of service is one day, society's costs from losing these individuals for a day are minimal while the benefits from the public's perception of increased fairness of the system are substantial.

The shorter term of service normally is accompanied by improved attitudes of citizens toward jury service. Many citizens are curious about how the judicial system operates, but have difficulty freeing their schedules completely or keeping them very flexible for a full 30-day term. Almost everybody can find one to three days during a year to be a juror. Since the burden is less, citizens are less antagonistic about serving.

There is another aspect regarding improved attitudes. Citizens appreciate the recognition of their needs and concerns reflected in shortening service. This appreciation can extend beyond a willingness to serve as a juror to a more positive attitude toward the judicial system generally.

Your Committee has changed the effective date of the bill to January 1, 1989 for the courts of the first circuit of the State of Hawaii, and to July 1, 1990 for the courts of all other circuits of the State, in order to have the amendments being made therein to take effect simultaneously with the amendments made by Act 366, Session Laws of Hawaii 1987, and has also made a technical nonsubstantive change for purposes of style.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2713, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2713, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2143 Judiciary on S.B. No. 2720

The purpose of this bill is to remove the statutory requirement to use the number of registered voters as the basis for determining legislative district boundaries during reapportionment.

Currently, Chapter 25 of the Hawaii Revised Statutes provides that the base for reapportionment to be the number of registered voters. However, in 1982, the U.S. District Court for Hawaii ruled in Travis v. King that overall resident population figures are the only acceptable basis for reapportionment. The decision declared that the current method for reapportionment is unconstitutional. Your Committee finds that the current statute must be amended to conform to constitutional requirements.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2720 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. 2144 Judiciary on S.B. No. 2761

The purposes of this bill are to designate the director of corrections as an ex officio voting member of the criminal justice data interagency board and to authorize the members to designate substitutes to attend meetings and act on their behalf.

Testimony from the attorney general revealed that Act 146, Session Laws of Hawaii 1987, which was intended to clarify which individuals should serve as members of the criminal justice data interagency board, designated the deputy director of the state department overseeing the corrections function as an ex officio voting member. Since a new department of corrections has been created, the director of corrections should be made the ex officio voting member as provided in this bill. The bill also allows board members to send their duly designated substitutes to attend meetings. This amendment is necessary to meet quorum requirements.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2761, 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. 2145 Judiciary on S.B. No. 2917

The purpose of this bill is to clarify the discretionary power of the court in the resentencing of a defendant following the revocation of probation.

The statute concerning revocation of probation has been amended at various times within the last several years, but the central policy behind this statute has remained the same, which is that the court has discretionary power to reevaluate the conditions of probation and make the necessary resentencing based upon the new facts which had resulted in the revocation.

This bill, as drafted, will remove the discretionary power of the court, change the underlying policy of this statutory provision and require that upon revocation, the court shall impose a sentence of imprisonment. Upon review, your Committee amended the bill to retain the discretionary power of the court in resentencing upon revocation of probation.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2917, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2917, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2146 Judiciary on S.B. No. 2920

The purpose of this bill is to amend the Hawaii Revised Statutes, Chapter 845-5, relating to persons subject to career criminal prosecution efforts.

This bill allows for the prosecution of persons who are charged with the offense of sexual assault or incest as career criminals.

Your Committee heard testimony from the Attorney General, Deputy Prosecutor, and Honolulu Police Department in support of this bill. The granting of career criminal status to offenders charged with sexual assault or incest will create a more secure attitude in the community. These crimes require extensive thought and planning on the part of the perpetrator, and usually are committed against victims least able to protect themselves. By processing offenders as career criminals, special prosecutorial steps can be taken to ensure the perpetrator is not easily freed to prey on other victims. Furthermore, it is apparent that the career criminal units are the preferable means of prosecuting sexual or incest offenders since these cases traditionally have had a low conviction rate and would particularly benefit from career criminal treatment.

Your Committee amended the bill by correcting typographical errors.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2920, as amended herein, 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. 2147 Judiciary on S.B. No. 2925

The purpose of this bill is to require criminal defendants arrested and convicted pursuant to evidence produced by an undercover operation to make restitution to county police departments for expenses incurred in the operation of the undercover program.

Current law permits judges to order restitution as part of the authorized disposition of convicted defendants. Under this provision, defendants have been ordered to pay restitution to victims, as determined by the adult probation division through its presentence investigation process, and to the Honolulu police department for monetary losses incurred as a result of undercover operations. This bill would make restitution for undercover operation expenses mandatory.

Your Committee finds that this bill will assist the counties by supplementing the resources available for law enforcement functions.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2925 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. 2148 Judiciary on S.B. No. 2926

The purpose of this bill is to make various amendments to the procedures for a deferred acceptance of guilty plea.

Upon review, your Committee amended this bill as follows:

- 1) Deleted the limitation on age. Your Committee believes that a deferred acceptance of guilty plea is justified in accordance to the standard promulgated in the statute, the deferral should be granted without limitation to age;
- 2) Retained the provision for expungement. One of the primary purposes of the deferred acceptance of pleas is to provide an opportunity for offenders to reestablish themselves as law abiding citizens without the stigma of criminal conviction;
- 3) Deleted the provision regarding the time in which a motion to revoke a deferred acceptance of guilty plea may be filed. The current statute is clear on the procedure in which the court may enter an adjudication of guilt upon violation of terms or condition of the deferred acceptance of guilty plea;
- 4) Deleted the provision regarding juvenile offenders. Your Committee finds that the Hawaii Supreme Court interpretation fulfills the intent of this provision; and
- 5) Deleted the addition of sexual offense to the list of offenses in which a deferred acceptance of guilty plea shall not apply. Your Committee believes that where the court finds the defendant charged with a sexual offense does meet the standard for a deferred acceptance of guilty plea, the defendant should be accorded the opportunity for rehabilitation.

Your Committee retained the provision, which sets the period of a deferred acceptance of guilty plea, in the case of a petty misdemeanor to be not less than a year. Your Committee finds that the court should have the discretion to impose a period of time which the court finds to be necessary to effectively assess the success of the deferred acceptance of guilty plea.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2926, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2926, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2149 Judiciary on S.B. No. 2932

The purpose of this bill is to make technical corrections by restating Section 702-206 of the Hawaii Revised Statutes concerning the definition of the word "intentionally" to make it gender neutral.

Based on the testimony received, including the Honolulu Police Department, your Committee amended this bill by deleting paragraph (d) relating to intentional acts with explosives or similar devises. This language is improper in a definitional section because it appears to define a new offense.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2932, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2932 S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2150 Judiciary on S.B. No. 3171

The purpose of this bill is to amend Section 707-702, Hawaii Revised Statutes to separate the elements of manslaughter in subsection (2) from the provision that manslaughter is a defense to the offense of murder.

Your Committee finds that under the current statute, 707-702, Manslaughter, a person who kills another person while under extreme mental or emotional disturbance must be charged with murder. It is then left to the accused to raise manslaughter as a partial defense. Your Committee heard testimony from the Office of the Public Defender of a case where the prosecutor wanted to charge the accused for manslaughter, but could not under the present Statute. Your Committee finds that this bill will allow the prosecution to charge manslaughter when evidence supports a killing done while under extreme mental or emotional disturbance.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 3171 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. 2151 Judiciary on S.B. No. 3172

The purpose of this bill is to delete the statutory language "or has reason to believe" as an element of the offenses of cable television and telecommunication service fraud in the first degree.

Your Committee finds that the Hawaii Penal Code provides the general principles governing criminal jurisprudence in the State of Hawaii. Chapter 702 of the Hawaii Revised Statutes contains those general principles relating to the states of mind which must be established as an element in any criminal prosecution. These states of mind are "intentionally", "knowingly", "recklessly", and "negligently." These provisions on "state of mind" are intended by the penal code to govern all offenses recognized by the law of this state. Your Committee finds that the penal code does not recognize the phrase "or has reason to believe" as an accepted criminal "state of mind." Accordingly, this bill deletes the use of this phrase from the statutory language in the criminal offense as provided in sections 708-8200 and 708-8202.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 3172 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. 2152 Judiciary on S.B. No. 3288

The purpose of this bill is to make both technical and substantive amendments to chapters 805 and 806 of the Hawaii Revised Statutes.

Chapters 805 and 806 relating to criminal procedure are in substantially the same form as in the early part of the century and in many cases are as old as 1876. Neither of these chapters deals with the advent of prosecution by complaint and preliminary hearings nor considers the impact of Hawaii Rules of Penal Procedure promulgated by the Hawaii Supreme Court. This bill addresses these changes although certain areas are deferred to the Hawaii rules of Penal Procedure. This bill also deletes archaic language and replaces them with modern terms.

The substantive changes in this bill are concerned with the provisions dealing with the sufficiency of charges. Specifically, the new amendments in the bill will require more detail in the charge. Complicity, solicitation, attempt and conspiracy must be alleged, as must facts which are required to be proven at trial. The latter provision will require more specific allegations for offenses which are based on broadly worded penal statutes.

Your Committee finds that this bill will bring the statutory law up to date with current court practice, clarify the law by deletion of archaic language and redundant provisions, add statutory language incorporating felony prosecution by complaint, modify the language incorporating felony prosecution by complaint, modify the requisites of charges by requiring specific allegations of complicity, solicitation, conspiracy, and attempt and by requiring the charges to state whether multiple charges arising from a single incident are to be considered separate charges or lesser included charges.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 3288 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. 2153 Judiciary on S.B. No. 3291

The purposes of this bill are to include licensed psychologists as professionals allowed to provide offender examination services to the Hawaii criminal justice system and to ensure that victim-related data can be utilized to establish the defendant's dangerousness when an extended term of imprisonment is considered at sentencing.

Your Committee received favorable testimony from the Hawaii Nurses' Association and the Hawaii Psychological Association on this bill. The Hawaii Psychological Association noted that psychologists are required by statute to be members of court-appointed panels that examine defendants raising an insanity defense. Psychologists are presently delivering services to the family court on matters relating to juveniles and to the district and circuit courts relating to the evaluation of adult offenders for probation and parole considerations. Moreover, on the mental health division's courts and corrections team, only psychologists serve as consultants to the state judiciary. Clearly, the present laws, which permit only psychiatric evaluation, are inconsistent with the many and varied uses the court has found for the services of licensed psychologists.

The bill also clarifies the definition of dangerousness by removing unwieldy and incomprehensible language and substituting words and concepts that are congruent with the "state of the art" knowledge about violence prediction. This would lead to an increase in the accuracy of violence predictions by focusing on the two principal components: history of dangerousness and present triggers of violent behavior.

The bill also permits the introduction of victim-related data in order to establish dangerousness. Although such information is often critical in considering dangerousness, the present law does not allow such introduction.

Your Committee has amended the bill by deleting the reference to "Articles 7 and 8" of the Hawaii Rules of Evidence on page 15.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 3291, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3291, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2154 Judiciary on S.B. No. 3292

The purpose of this bill is to clarify and restructure the offense of felony kidnapping.

Currently, the kidnapping statute defines all kidnapping offenses as class A felony unless certain facts are established as a defense, in which case, the offense is reduced to a class B felony. As a result of this language, defendants charged with kidnapping are always charged with class A felony, despite evidence which only establishes a class B offense.

Your Committee finds that this bill will have no substantive change to the current kidnapping statute but will promote judicial economy as the defendant will be charged with the degree of offense commensurate with the conduct.

Your Committee amended this bill to provide for gender neutral wording. In addition, typographical errors are corrected. Further, the wording of the two offenses are redrafted to conform to the intent of the current statutory language.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 3292, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3292, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2155 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3287

The purpose of this bill is to provide the Housing Finance and Development Corporation (HFDC) with greater flexibility in the development of needed affordable housing for Hawaii's residents.

This bill allows the HFDC to adopt rules which would have the force and effect of law and which would not need to be presented to the legislative body of each county. The bill also repeals section 201E-210(a)(3), Hawaii Revised Statutes, which would eliminate the need for HFDC to seek the county councils' review and approval of proposed housing projects. Additionally, the bill amends section 201E-212, Hawaii Revised Statutes, which would provide the HFDC with greater flexibility in establishing the level of affordable housing units in the proposed plan development.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3287 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2156 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3093

The purpose of this bill is to prevent valuable public lands from being classified as "remnants" and being disposed of without restriction.

This bill would provide a safeguard for the effective and efficient disposal of remnant public lands by (1) defining the term remnant more precisely to exclude potentially valuable public lands; (2) specifying procedures for a determination of remnant status by providing for a standard public hearing with opportunity for public testimony to assist the board in making a determination; and (3) bringing this statute in conformity with other similar public land disposition statutes by providing for legislative disapproval of any disposition of public land on the basis of remnant status. These matters are not properly addressed under current law.

Your Committee received opposing testimony provided by the Department of Transportation regarding the provision that requires all remnant sales to be subject to legislative disapproval. Your Committee finds that this requirement will discourage potential buyers from purchasing remnants for the following reasons:

- (1) The sale may be disapproved by the legislature;
- (2) The remnant cannot be utilized until the legislature is given the opportunity to disapprove the sale; and
- (3) The disposition process will be lengthened.

Your Committee has amended this bill to address those concerns by providing that the sale will be subject to legislative disapproval only if the board finds that substantial public concern has been demonstrated as to the disposition of any remnant.

Your Committee has further amended this bill by (1) deleting the last phrase of page 1, line 8, on the basis that "reasonable proximity" would be difficult to define accurately; and (2) making clarifying language changes to the definition of "remnant," to make it more precise and to conform with the intent of the bill.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3093, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3093, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 2157 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2750

The purpose of this bill is to grant the surface owner or its assignee the first right to apply for a mining lease on reserved lands within a geothermal resource subzone.

Under Section 182-5, Hawaii Revised Statutes, the Board of Land and Natural Resources grants mining leases on reserved lands to the occupier or the occupier's assignee. This bill protects the surface owner or the owner's assignee by giving them the first right to apply for a mining lease.

Your Committee received testimony from the Department of Land and Natural Resources, the Department of Business and Economic Development, and the Campbell Estate and finds the bill ensures that a developer who has expended efforts and funds to explore and prove out a geothermal resource will not lose the opportunity to lease and develop to someone else through an auction. If no exploration has been made by the landowner or its assignee, any mining lease will still be available through the public auction process. The bill protects investments made first.

Your Committee, upon consideration, has amended the bill by:

- (1) Replacing the words "occupier" and "occupier's" with the words "surface owner" and "owner's" respectively on page 1, lines 1-2 to be consistent with the amendments of this bill;
- (2) Deleting 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; and
- (3) Deleting 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 a surface owner or the owner's assignee the right of first refusal in obtaining a geothermal mining base on reserved lands within a geothermal resource subzone.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2750, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2750, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 2158 Business Development and Pacific Relations on S.B. No. 3233

The purpose of this bill is to add three definitions to Section 209E-2, Hawaii Revised Statutes.

Specifically, the bill would add three definitions relating to state enterprise zones. The definitions are as follows:

- (1) "Average number of full-time employees" means the algebraic sum of the number of full-time employees at the end of each payroll period of a business firm's taxable year divided by the number of payroll periods;"
- (2) "Full-time employees" means those working no less than twenty hours a week each pay period, except that until January 1, 1990, "full-time employees" may also mean employees working no less than forty hours a week each pay period, as long as the qualifying definitions for "full-time employees" used by an establishment is the same for both the base year and the qualifying year;" and
- (3) "Establishment" means a single physical location where business is conducted or where services are performed, including a central administrative office primarily engaged in managerial, general administrative, or support service functions performed centrally for other establishments of the same firm, including establishments linked by common ownership, but artificially separated for the purpose of qualifying an ineligible firm for enterprise zone benefits."

Your Committee held a public hearing on this bill and finds that these definitions will strengthen the chapter on state enterprise zones and is therefore consistent with the public policy of the Legislature and the State to stimulate business and industrial growth in areas that need government help to attract private sector participation.

Your Committee has amended this bill by changing the effective date to July 1, 1989.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of S.B. No. 3233, S.D.1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3233, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2159 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2696

The purpose of this bill is to add the Chairperson of the Office of Hawaiian Affairs (OHA) to the State Board on Geographic Names.

Your Committee finds that the Chairperson of OHA will add an element currently lacking on the Board to ultimately round-out the expertise of Board members.

Your Committee has amended the bill by adopting the recommendation of the Department of Land and Natural Resources and has added the State Geographer to the Board. Additionally, your Committee has changed the Board membership by substituting the Director of Business and Economic Development with the Director of the Office of State Planning. This change is made pursuant to the new duties assumed by both agencies, whereby the Office of State Planning would be the more appropriate agency to be on the Board.

Your Committee has made a technical amendment which has no substantive effect by correcting a spelling error in the title of the bill.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2696, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2696, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Hagino and Holt.

SCRep. 2160 Labor and Employment on S.B. No. 83

The purpose of this bill is to amend section 78-1, Hawaii Revised Statutes, to delete presumptions of residence resulting from changes in marital status of government officials and employees.

Your Committee has amended this bill by deleting the substance and inserting new material establishing a new Class VII teacher in the Department of Education.

As amended, this bill would amend Section 297-31.1, Hawaii Revised Statutes, by changing the current teacher Class VII to Class VIII and establishing a new Class VII for persons who hold a certificate issued by the Department based upon five acceptable years of college education and sixty additional credits approved by the Department and other requirements as may be established.

Additionally, the bill adds Position VIII and salary range 10 to Section 297-32, to account for new Position VII which will have salary range 9, and amends Section 297-33 to provide that a teacher in Class VI must spend at least one year in Class VI before going on to Class VII.

Your Committee finds that this new Class VII is consistent with state and legislative policies to provide opportunities and incentives for qualified individuals to teach in the public school system.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 83, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 83, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2161 Labor and Employment on S.B. No. 2349

The purpose of this bill is to provide that Act 225, Session Laws of Hawaii 1987, shall not limit the right and ability of any public officer or employee to receive salary increments, reallocations, or any other form of pay increase derived or gained through established civil service procedures, nor to deny or restrict petitions for appeal.

Act 225 was enacted as a follow-up to Act 157, Session Laws of Hawaii 1986, which mandated a pay equity study of certain classes of public employment to determine whether there is wage discrimination based on sex in job evaluation systems used by the counties and the State. The study found no wage discrimination based on sex and concluded that there is no reason to change the current job pricing system; however, State and county assessments of a few classes of work were found to be at variance with the consultant's findings.

Act 225 adjusted the pay for a few classes at variance with the findings of Act 157 and mandated the Conference of Personnel Directors to conduct a special review and make recommendations to the 1988 legislature. This bill seeks to insure that employees in classes of work identified by the consultant pursuant to Act 157 as properly compensated shall continue to be eligible for the usual compensation and appeal procedures afforded other public employees under civil service law.

Your Committee received testimony from the Director of Personnel Services and HGEA-AFSCME Local 152 and finds that the Public Employees Compensation Appeals Board (PECAB) has received appeals from public employees who had been identified as properly valued or compensated pursuant to Act 225, and PECAB, on the advice of the Attorney General, has declined to take action on those classes inasmuch as Act 225 directed that the reassessment of such classes was to be conducted by the Conference of Personnel Directors with recommendations to the 1988 Legislature.

Your Committee further finds that there is ambiguity in Act 225 which gives rise to legitimate concerns that classes of employment currently considered properly priced and valued may be so priced and valued forever. This bill would statutorily insure continuing civil service compensation protection for workers in such classes and is therefore consistent with the intent of the Legislature in enacting Acts 157 and 225.

Your Committee has amended this bill by correcting a typographical error.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 2349, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2349, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2162 Labor and Employment on S.B. No. 2733

The purpose of this bill is to impose a ceiling on the dislocated worker allowance.

Under Section 349B-10, Hawaii Revised Statutes, employers are required to determine the amount of an individual's dislocated worker allowance by computing the difference between the individual's average weekly wages and the weekly unemployment compensation benefits received. This bill limits the amount of the dislocated worker allowance the employer must pay to not more than fifty percent of the weekly unemployment compensation benefits received.

Further, the bill provides that the Director of the Department of Labor and Industrial Relations will have discretion to assess the amount of the penalty for violation of Chapter 349B according to the seriousness of the violation. Because the statute does not provide the Department of Labor and Industrial Relations with enforcement power for the civil penalties, the bill has been amended to delete reference to the Director of the Department.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 2733, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2733, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2163 Labor and Employment on S.B. No. 2824

The purpose of this bill is to update language reflecting the evolving duties and responsibilities of the Commission of Employment and Human Resources.

The bill substitutes "employment reports" for "annual report" with reference to the report submitted by the Commission to the Governor and the Legislature. Annual reports are merely descriptive of programs and operations whereas the Commission's employment reports contain information, studies, analyses, and recommendations in employment and training, manpower, and related socio-economic issues.

The bill also adds reference to the Hawaii State Plan in conjunction with the employment plans prepared by the Commission. Plans and updates in conjunction with the Hawaii State Plan provide for the Commission's role in helping to develop the employment functional plan which has been directed to the Department of Labor and Industrial Relations as lead agency.

Your Committee has amended the bill by making nonsubstantive changes for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Labor and Employment is in accord with the intent and purpose of S.B. No. 2824, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2824, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2164 Labor and Employment on S.B. No. 3230

The purpose of this bill is to eliminate the requirement for federal funding which exempts employees in certain temporary projects from the civil service system.

Section 76-16(12), Hawaii Revised Statutes, provides for the exemption of employees engaged in special, research, or demonstration projects approved by the Governor provided that the projects are federally funded. This bill will remove the requirement of federal funding.

Your Committee received supporting testimony from the State Director of Personnel Services and the Department of Business and Economic Development, and finds that section 76-16(12) was enacted to avoid the special personnel problems associated with temporary projects by enabling the State to hire and terminate the employees of such projects exempt from regular civil service procedures. However, as presently worded, section 76-16(12) covers only federally funded projects and excludes similar or identical State funded projects. Since State funded projects also may be of a special, research, or demonstration nature that are clearly temporary, your Committee finds that coverage of section 76-16(12) should be extended to cover State funded projects.

After further consideration, your Committee has amended the bill to include amendments to section 80-4(a), Hawaii Revised Statutes. Under section 80-4(a), compensation for overtime and premium pay does not apply to officers and employees of the State assigned to salary ranges 29 and over. This bill raises the salary ranges not affected to 31 and over because officers and employees have been refusing promotions to prevent the loss of overtime pay.

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. 3230, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3230, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2165 Transportation on S.B. No. 2094

The purpose of this bill is to restrict helicopter operations at Burns Field, Kauai.

In recent years, helicopter use has increased by tourist-related businesses, industry and individuals especially within the County of Kauai. The Department of Transportation (DOT) has agreed with the County of Kauai to withhold the issuance of all permits in an attempt to temporarily alleviate helicopter noise and safety hazards at Burns Field.

As received by your Committee, this bill would give the Director of Transportation (Director) the statutory power to:

- (1) Suspend or revoke the parking permits issued by the DOT to helicopter companies which have not made any improvements at the airport prior to January 1, 1988;
- (2) Restrict the hours of operation at Burns Field;
- (3) Close down the operations at Burns Field in the event that public safety is at risk; and
- (4) Regulate the number of flights allowable to and from the heliport.

Your Committee received verbal testimony from Mr. Bob DeCamp, President of the Hawaii Helicopter Operations Association (HHOA) in support of the Bill, stating that the members of his association understood that the Department of Transportation had placed a moratorium on the issuance of all new permits for the use of Burns Field by helicopter companies. This moratorium was put into effect in July, 1987. the following twenty-five companies are members of HHOA: Alexair, Bruce Needham Helicopters, Cardinal Helicopters, Hawaii Helicopters, Hawaii International Helicopters, Hawaii Pacific Helicopters, South Seas Heliconsultants (Maui), Hilo Bay Air, Island Helicopters, Kauai Helicopters, Kenai Helicopters, Kona Helicopters, Manuiwa Airways, Maui Helicopters, Mauna Kea Helicopters, Manihunai Helicopters, Niihau Helicopters, Ohana Helicopters, Orchid Isle Helicopters, Papillon Helicopters, South Sea Helicopters (Kauai), Sunshine Helicopters, Tropical Valley Helicopters and Royal Helicopters and Cherry Helicopters. There are approximately thirty-three helicopter companies operating within the State and HHOA represents 75 per cent of the total number of helicopter operations.

However, your Committee finds that there still is some questions regarding the moratorium on the issuance of new permits at Burns Field. Therefore, the bill has been amended to address this issue.

Your Committee finds that the regulations proposed in the original bill will be included in the Department of Transportation's master plan for Burns Field. Consequently, your Committee has decided not to take any action regarding this issue at Burns Field at this time.

Your Committee has amended the bill by requiring the Director to suspend or revoke the parking privileges of any helicopter company which does not have a permit allowing the company to park overnight at the Burns Field facility and which was issued or approved prior to December 2, 1987. The bill also prohibits the issuance of any new permits for the use of Burns Field. A sunset provision is included to repeal the Act on December 31, 1988 or upon completion of the Burns Field Master Plan, whichever occurs later.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2094, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2094, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2166 Transportation on S.B. No. 2681

The purpose of this bill is to regulate helicopter operations in the State.

Your Committee held a hearing on this bill and received testimony in support of the bill's intent. However, there were concerns expressed over certain sections in the bill which may be preempted by federal regulations.

Your Committee finds that the current situation regarding helicopter operations in the State warrants serious attention by the legislature. The Environmental Center at the University of Hawaii at Manoa testified that within the past 16 months, there have been 16 civilian helicopter accidents which have resulted in 6 fatalities.

The bill has been amended to reflect the above concerns and the new language includes only those regulations, which are under the State's police powers, as proscribed by the Fourteenth Amendment of the United States Constitution. Furthermore, the amended bill regulates helicopter operations in the same manner as current statutes now regulate airplanes.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2681, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2681, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2167 (Majority) Ways and Means on S.B. No. 3052

The purpose of this bill is to provide for a study including an economic analysis on the feasibility of establishing a teletrack facility in the State of Hawaii.

A teletrack facility is an off-track racing theater in which racing programs can be transmitted to Hawaii from other states or countries via satellite transmissions. Your Committee finds that a study by the State on the feasibility of implementing the teletrack concept in Hawaii merits consideration and that a teletrack facility may prove to be of great economic benefit to the State through increased state revenues and employment opportunities for Hawaii's residents.

Your Committee has amended the bill by appropriating \$200,000 for the proposed study and making other technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3052, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3052, S.D. 1.

Signed by all members of the Committee.
Senators Herkes and Ikeda did not concur.

SCRep. 2168 Ways and Means on S.B. No. 3080

The purpose of this bill is to establish a state tax credit for developers of low-income housing.

The Tax Reform Act of 1986 amended the Internal Revenue Code (IRC) to establish a federal tax credit for developers of low-income housing units. This bill would create a state income tax credit for the developers in an amount equal to one-third the credit provided for in the IRC.

Your Committee finds that economic incentives are the most effective way to increase private sector production of low-income housing, and that this bill is consistent with the policy of the Legislature to provide affordable housing for the residents of Hawaii.

Your Committee has amended this bill by changing statutory cross references in paragraph (5) to reflect current law and by making technical, nonsubstantive changes for purposes of style, clarity, and consistency.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3080, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3080, S.D. 1.

Signed by all members of the Committee.

SCRep. 2169 Ways and Means on S.B. No. 3088

The purpose of this bill is to make medical care available to certain groups of low-income individuals by maximizing the use of federal funds.

Currently, there is a population of elderly and disabled who are ineligible for Medicaid even though their incomes fall below the federal poverty threshold. The federal government now gives Hawaii the option to establish a state medicaid eligibility standard at one hundred eighty-five per cent of the federal poverty level.

Your Committee received supporting testimony from the Department of Human Services, the Department of Health, and other private social service organizations.

Your Committee has amended the bill to incorporate the Department of Human Service's recommendation to substitute a provision that the Department shall expand optional health care to low-income pregnant women and children, elderly persons, aliens, the homeless, and other handicapped and medically needy persons, subject to the appropriation of state funds and the availability of federal matching assistance, in place of the existing new language which would have required the department to maximize the availability of medical care to low-income and elderly disabled persons under federal optional medical assistance programs.

Your Committee has further amended the bill by adding an appropriation of \$1 to carry out the purposes of the bill, provided for the appropriation to take effect on July 1, 1988, and made a technical nonsubstantive change for purposes of style.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3088, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3088, S.D. 2.

Signed by all members of the Committee.

SCRep. 2170 Ways and Means on S.B. No. 3107

The purpose of this bill, as received, is to amend section 155-15, Hawaii Revised Statutes, by authorizing the Department of Agriculture (DOA) to assist independent sugar growers with direct loans for crop production expenses.

The bill also would enable the Department to lower from five per cent to one per cent the terms of outstanding loans made to the United Cane Planters Cooperative out of funds deposited with the Farm Loan Revolving Fund pursuant to Act 183, Session Laws of Hawaii 1972.

Your Committee received testimony from the Chairperson of the Board of Agriculture, the Dean of the University of Hawaii College of Tropical Agriculture and Human Resources, and the Independent Cane Growers, and finds that the sugar industry is critical to the Hamakua and Hilo coast's economic survival, and to Hawaii's economy in general.

Your Committee further finds that recent adverse weather factors have left the independent growers with large economic deficits. Commercial loans have been difficult to obtain.

Your Committee has amended the bill by:

- (1) Deleting section 1 which provided for direct loans instead of supplemental loans to sugar growers and deleting section 3.
- (2) Redrafting provisions of section 2 to specifically amend Act 183, Session Laws of Hawaii 1972; and
- (3) Renumbering the remaining sections of the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3107, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3107, S.D. 2.

Signed by all members of the Committee.

SCRep. 2171 Ways and Means on S.B. No. 3095

The purpose of this bill is to authorize the issuance of special purpose revenue bonds in an amount not to exceed \$8,000,000 to assist Hawaiian Sun Products, Inc. in constructing and equipping a plant for manufacturing products from fruits and nuts.

Your Committee finds and determines that the construction and equipping of a plant for manufacturing products from fruits and nuts constitutes a "project" as defined in Part III of Chapter 39A, Hawaii Revised Statutes, and the financing thereof is assistance to a manufacturing enterprise.

Your Committee further finds that the issuance of special purpose revenue bonds under this bill is in the public interest and for the public health, safety, and general welfare of the State of Hawaii.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3095, S.D. 1, and recommends that it pass Second Reading and placement on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2172 Ways and Means on S.B. No. 3135

The purpose of this bill is to appropriate funds to implement an intensive parole supervision pilot program.

The bill appropriates \$150,541 for the initiation of a two-year intensive parole supervision pilot program by the Hawaii paroling authority to be aimed at those inmates who have served their punishment time and have earned the opportunity for parole, but who require intensive supervision and assistance for a period of time immediately upon release on parole.

Your Committee agrees with the Committee on Corrections that there is a need for an intermediate stage of parole supervision to improve the State's efforts to successfully reintegrate offenders into the community without compromising community safety.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3135 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2173 Ways and Means on S.B. No. 3155

The purpose of this bill is to allow a county agency to reimburse the State for funds advanced to the county for wastewater treatment works projects within one year after the completion of project construction.

Currently, if federal funds are not immediately available for wastewater treatment works, the director of health may advance the federal share of planning and design costs to the county. Such advances must be reimbursed to the State immediately upon receipt of federal funds or within four years after the advance is made, whichever comes first.

This bill deletes the four-year deadline and sets a one-year deadline after the completion of project construction. This bill also requires the director of health to advance the sum of \$3,000,000 to the county of Hawaii for the planning and design of a Hilo wastewater treatment facility.

Your Committee has amended this bill by decreasing the \$3,000,000 to \$1 and by making a technical change which has no substantive effect.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3155, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3155, S.D. 2.

Signed by all members of the Committee.

SCRep. 2174 Ways and Means on S.B. No. 3180

The purpose of this bill, as received, is to amend section 235-12, Hawaii Revised Statutes, to provide further incentives for the use of renewable energy and conservation devices by increasing the state income tax credit for the purchase and installation of these devices from fifteen per cent to twenty-five per cent, make the credits apply to devices installed after December 31, 1987, and to include an energy credit for the purchase and installation of photovoltaic devices.

Lower oil prices in recent years have reduced the cost of utility-generated power to such a point that the pay-back period for conservation devices is longer than most investors are willing to accept. The devices covered by this bill help reduce the State's dependence on oil, and their use must be encouraged to further the goal of energy independence.

Your Committee received testimony from the department of taxation, the Tax Foundation of Hawaii, the department of business and economic development, the Hawaiian Electric Company, and solar equipment providers.

Your Committee has amended this bill by restoring the previous dates of applicability of the credits and extending their existence by five years from December 31, 1992, to December 31, 1997. Your Committee also amended the effective date of the bill from July 1, 1988, to have the bill apply to taxable years beginning after December 31, 1987, and retained the tax credit at the present level.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3180, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3180, S.D. 2.

Signed by all members of the Committee.

SCRep. 2175 Ways and Means on S.B. No. 3174

The purpose of this bill is to revise the general law applicable to the issuance of state general obligation and revenue bonds as well as to promote efficiency and provide additional flexibility in the issuance and sale of the State's bonds.

Many innovative financing techniques have been developed since the original enactment of the general law governing the issuance and sale of state general obligation and revenue bonds. This bill as proposed provides certain measures which enable the State to explore an innovative financing technique and to provide the State maximum flexibility and efficiency in the issuance and sale of its bonds.

Notable changes to existing laws contained in the bill include: (1) elimination of the statutory interest rate ceiling on general obligation bonds; (2) provision for variable or floating rate bonds; and (3) reduction of the time period for the notice of sale (date and time of sale) of state bonds from not less than five days to not less than twenty-four hours prior to the time fixed for the sale.

Currently, the statutory interest rate ceiling on general obligation bonds is at nine and one-half per cent. According to the director of finance, the normal yield curve on interest rates is structured on an ascending scale, i.e., low rates on early maturities and progressively higher rates on later maturities. Bids on general obligation bonds usually reflect the yield curve, which results in the bidder specifying higher than normal rates for earlier maturities due to the statutory interest rate ceiling. Ultimately, the State pays a higher interest cost on its borrowed funds. Your Committee believes that removing the statutory interest rate ceiling and allowing the bidder to bid the market rate on the later or longer maturities, the State would be able to reduce the overall cost of its borrowing and refund the longer term, high interest bonds at a later date when there is a more favorable interest rate market.

The bill also amends existing law by providing for the issuance of variable or floating rate bonds which is a recent innovation in government finance. Basically, variable or floating rate bonds are issued with an interest rate which changes periodically to reflect the then current market rate for a given period. A major advantage of the variable or floating interest rate is that the cost to the borrower is generally more favorable than long-term fixed rate financing. According to the director of finance, the State has "successfully issued variable or floating rate bonds for its special purpose revenue bond projects and multi-family housing programs." Your Committee finds that, to the extent interest costs may be reduced, variable or floating rate bonds should be used for general obligation and revenue bond issues.

With regard to the provision reducing the time period for notice of sale (date and time of sale) of general obligation and revenue bonds, your Committee believes that the State should be able to access the bond markets at the most favorable times and on short notice in order to obtain the lowest interest rates available on its borrowings. The director of finance testified that there have been "significant changes in the tax-exempt bond markets" due to "turbulent markets" caused by internal and external factors such as federal budget and trade deficits and fluctuations in the value of the United States dollar to foreign currencies. The director of finance also testified that the proposed twenty-four hour notice of sale requirement "would not adversely affect the reception of the bonds in the marketplace" since there are mechanisms in place to alert the bidder well in advance of the notice of sale such as the mailing of the prospectus with a detailed notice of sale, and private syndicate services, e.g., The Bond Buyer, Munifacts wire, and the Dalcomp wire.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3174 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2176 Ways and Means on S.B. No. 3188

The purpose of this bill is to make several "housekeeping" amendments to chapter 201E, Hawaii Revised Statutes.

Act 337, Session Laws of Hawaii 1987, which created the state housing finance and development corporation (HFDC), repealed certain provisions of chapters 356, 359, and 359G, Hawaii Revised Statutes, and consolidated and recodified those provisions into chapter 201E. Certain sections of chapter 201E, however, make reference to the repealed chapter rather than the new "part" (part III, chapter 201E); limits the HFDC to elderly housing projects; and does not allow the HFDC to develop housing without necessarily having to enter into agreements with private developers.

It is the understanding of your Committee that the proposed amendments to section 201E-204, Hawaii Revised Statutes, particularly the deletion of references to the elderly will broaden the scope of HFDC's housing development program and will not exclude housing projects and community facilities for the elderly.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3188, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2177 Ways and Means on S.B. No. 3193

The purpose of this bill is to amend chapter 201E, Hawaii Revised Statutes, to create a rental housing revolving fund and make other housekeeping changes to the law which establishes the Housing Finance and Development Corporation (HFDC). These changes were enacted by various Acts during the 1987 legislative session, but were enacted as amendments to chapters which were repealed by the Act which established the HFDC. These changes were not codified in the Hawaii Revised Statutes because resolution of the ambiguities in provisions of the Act which established the HFDC would have required actions which exceeded the statutory authority of the Revisor of Statutes.

Your Committee finds that the provisions proposed in this bill will further the legal authority of the HFDC to perform its necessary functions.

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. 3193, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3193, S.D. 1.

Signed by all members of the Committee.

SCRep. 2178 Ways and Means on S.B. No. 3202

The purpose of this bill is to establish an office of veterans' services within the state department of defense and to transfer the responsibility for some of the existing veterans program to that office.

Presently, there are approximately 102,000 veterans in Hawaii who may be eligible for services and benefits provided by the State. These services and benefits are dispersed throughout five state departments. Under existing law, the department of human services serves as a clearinghouse and coordinating body for activities, services, and information relating to veterans.

Your Committee understands that the overall problem with the existing statutes is the lack of a central focus and direction to address and resolve issues confronting veterans. Your Committee finds that the bill as received addresses the important need to streamline as well as clarify the focus of benefits, services that are available to, and issues that are of concern that are to veterans.

Your Committee has amended the bill by changing the appropriation to the office of veterans' services from \$184,000 to \$1, and by making other technical, nonsubstantive changes for the purpose of style.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3202, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3202, S.D. 2.

Signed by all members of the Committee.

SCRep. 2179 Ways and Means on S.B. No. 3264

The purpose of this bill is to appropriate funds to finance various capital improvement projects throughout the State.

Your Committee believes that the bill in its final form will reflect the Legislature's intent to appropriate funds for capital improvement projects where they are most needed and are beneficial to residents of the State of Hawaii.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3264, 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. 2180 Human Services on S.B. No. 3215

The purpose of this bill is to clarify definitions of and authority over adult residential care homes and their operators and staff.

Chapter 321, Hawaii Revised Statutes, defines "adult residential care home", authorizes the Director of Health to regulate such homes, and provides for training of the operators and staff.

This bill clarifies the definition of "adult residential care home" under section 321-15.1 to include adults requiring personal care services, protection, and health services who do not need the professional health services provided in skilled nursing or acute care facilities. Further, this bill deletes the requirement that the homes be limited to five residents and inserts the requirement that unrelated persons shall be allowed to reside in the adult residential care homes. Finally, this bill gives the Department of Health the discretion to provide for the training of and consultations to operators and staff of adult residential care homes, though not at the expense of the State, and to adopt rules to ensure that operators and staff have the necessary care skills.

Your Committee received supporting testimony from the State Planning Council on Developmental Disabilities, the Executive Office on Aging, and the Department of Health and finds the clarifications necessary to ensure proper authority over adult residential care homes and their operations.

Your Committee has amended the bill by further clarifying the definition of "developmentally disabled person"; by reinstating the mandate that the Department of Health provide training for operators and staff of adult residential care homes at the expense of the State; and by providing for a drop dead provision of June 30, 1989, for the training.

Your Committee on Human Services is in accord with the intent and purpose of S.B. No. 3215, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3215, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2181 Human Services on S.B. No. 3222

The purpose of this bill is to make changes to certain definitions and exclusions within the child care laws.

Current law provides for the number of children which can be cared for in family and group child care homes, the hours of care per week requiring licensing, and the licensing authority. This bill excludes from general licensing requirements those programs for children four years and older which operate for no more than two consecutive calendar weeks in a three month period, and excludes child caring within an adoption relationship.

Your Committee received testimony from the Department of Human Services, the Office of Children and Youth, and PATCH, and finds no need to exclude from licensure those programs for children four years and older operating less than two consecutive weeks. Your Committee also finds that an adoptive relationship is as personal and bonding as by blood or marriage, so such child care should be exempted from licensure.

Further testimony indicated that increasing the number of informal child care hours per week from three to six gives more flexibility to the casual and occasional child care given by neighbors and friends. Also, the clarification of "department" to specify Department of Education avoids the potential for duplicate licensure.

Based on the foregoing, your Committee has amended the bill by:

- (1) Increasing the number of children permitted in family child care homes to six and the minimum number of children permitted in group child care homes to seven;
- (2) Increasing the number of hours per week exempted for unlicensed child care providers from three to six;
- (3) Clarifying that programs licensed by the Department of Education qualify for exemption;
- (4) Deleting those programs for four year old children meeting less than two consecutive calendar weeks in a three-month period; and
- (5) 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 S.B. No. 3222, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3222, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2182 Ways and Means on S.B. No. 3392

The purpose of this bill is to streamline the administration of the Hawaii Wing, Civil Air Patrol.

This bill reassigns the grant administration responsibilities from the Department of Transportation to the Department of Defense; establishes annual grant appropriations; defines the parameters of grant expenditures; defines the mission of the Civil Air Patrol; and provides Department of Transportation and Department of Defense controlled facilities for Civil Air Patrol use.

Your Committee finds that the State is experiencing an increase in the migration of residents to, and an increase in the number of tourists in, low-lying areas or coastal zones. This fact, coupled with the increase in air travel, provides ample justification for aeronautical support programs such as the Hawaii Wing, Civil Air Patrol.

During the last thirty-seven years, the operation of the Hawaii Wing, Civil Air Patrol has provided the State with aeronautical search and rescue operational support and training as required by the U.S. Coast Guard Joint Rescue Coordination Center; aerial tsunami warning operational support and training as required by Civil Defense agencies; general aviation safety and water survival training in coordination with the Federal Aviation Administration; and various other programs too numerous to mention.

Your Committee finds that the Departments of Defense and Transportation and the Hawaii Wing, Civil Air Patrol will make every effort to consult and cooperate with each other, to assure coordination in providing the aviation community, and the population in general, with the best possible aeronautical development activities and aeronautical emergency services capabilities.

In view of the severe budget cuts suffered by both the U.S. Coast Guard and the military services, it is in the best interest of the State that the Hawaii Wing, Civil Air Patrol be fully supported and assisted.

Your Committee has amended section 3 of this bill by providing for an appropriation in the sum of \$1. Your Committee also has made technical, nonsubstantive amendments for purposes of style, clarity, and consistency.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3392, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3392, S.D. 2.

Signed by all members of the Committee except Senator Hagino.

SCRep. 2183 (Majority) Housing, Hawaiian Programs and Natural Resources on S.B. No. 3189

The purpose of this bill is to allow the Housing Finance and Development Corporation (HFDC) to expedite the exchange of private and public lands.

Under present law, HFDC may exchange real property for the purpose of providing housing if the following requirements of Section 171-50, Hawaii Revised Statutes (HRS) are met: (1) the required public notice is made, and (2) upon consummation of the exchange, a resolution for the Legislature's disapproval is submitted twenty days prior to the convening of the next Legislative Session.

The Department of Business and Economic Development testified that the requirements under present law may cause unreasonable delays in developing residential areas. The delays could result in increased housing costs and increased risk due to uncertainty in interest rates. Thus, this bill deletes the requirement that exchange of real property shall be in accordance with Section 171-50, HRS.

Your Committee finds that State lands suitable for residential development are scarce, and that land exchanges may provide a viable means for acquiring land for housing development. Since timing is a critical factor in development, the ability to expeditiously act upon an opportunity to acquire and develop lands may determine the success or failure of a housing project. Your Committee finds that this bill is necessary to address these concerns.

Your Committee has amended the bill by requiring the HDFO to provide public notice of the proposed exchange in a newspaper of general circulation, and to submit to the Legislature a report containing information regarding the exchange. These requirements shall be made in lieu of the more restrictive requirements provided in Section 171-50, HRS.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3189, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3189, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.
Senator Solomon did not concur.

SCRep. 2184 Housing, Hawaiian Programs and Natural Resources on S.B. No. 2462

The purpose of this bill is to prohibit diversions of streams of high natural or scenic quality, to adopt interim instream flow standards, to restore aesthetic, recreational, and ecological values of diverted streams, and to establish a Hawaii wild and scenic river system.

Chapter 174C, Hawaii Revised Statutes, sets forth the state water code which establishes policies, powers, and duties over state water use and quality. This bill adds new sections which empower the Commission on Water Resource Management to (1) prohibit new or expanded diversions from existing streams of high natural quality or significant scenic value unless there is a compelling state need and no practicable alternative to diversion exists; (2) adopt interim instream flow standards and instream flow standards to preserve sufficient water in streams to adequately meet the biological requirements of native stream fauna and to protect the habitat of endangered native waterbirds; (3) restore the aesthetic, recreational, and ecological values of streams which are already diverted; (4) establish a Hawaii wild and scenic rivers system to include initially fifteen rivers throughout Kauai, Oahu, Molokai, Maui, and Hawaii. The commission shall determine which streams are of high natural quality or scenic value which provide for native stream fishes, water birds, and other fauna.

Your Committee received testimony from the Fish and Wildlife Service of the United States Department of the Interior, the Conservation Council for Hawaii, Life of the Land, and the University of Hawaii at Manoa and finds that Hawaii already has lost over 85% of its streams to diversions, flood control measures, and various developments.

Your Committee has amended the bill by deleting the purpose and findings section; by deleting the language prohibiting the diversions of streams; by deleting the proposed Hawaii wild and scenic rivers system; and by deleting the proposed section on consultation and incorporating it in existing section 174C-71, which protects instream uses. By making this amendment, this bill would include in the consultation process the Natural Area Reserves System Commission and the University of Hawaii Cooperative Fishery Unit, which would previously not have been consulted.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 2462, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2462, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Holt.

SCRep. 2185 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3328

The purpose of this bill is to allow reasonable residential and agricultural uses of kuleana lands located within forest and water reserve zones of conservation districts.

Kuleana lands (small houselots awarded from within a larger parcel) are lands which were awarded to the common people as part of the Great Mahele of 1848 and implemented by the Kuleana Act of 1850. They were intended to create private property rights for commoners so that they could own land on which they could reside, farm, and subsist. Unfortunately, some of these lands are located within forest and water reserve zones.

Currently, section 183-41(a), Hawaii Revised Statutes, provides that only uses in existence on July 1, 1957 or within the scope of regulations established by the Department of Land and Natural Resources are allowed in those reserve zones. As a result, many kuleana owners have had persistent problems relating to access, water use, and clear title.

Your Committee finds that there are unreasonable restrictions imposed upon the kuleana lands. This bill will restore to the Kuleana owners the ability to use their lands for reasonable residential and agricultural purposes by permitting such uses within conservation districts.

Your Committee, upon the recommendation of the Office of Hawaiian Affairs, has amended the bill by:

(1) Amending section 1 of the bill to more accurately reflect the history relating to kuleana land; and

(2) Changing the new language on page 2, lines 13 to 15 of the bill to read: "or reasonable use of kuleana lands for residential or agricultural purposes by Hawaiians, as defined in section 10-2,". The purpose of the amendment is to clarify that use of the lands is limited to use by Hawaiians.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3328, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3328, 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 Yamasaki.

SCRep. 2186 Ways and Means on S.B. No. 118

The purpose of this bill is to appropriate funds for the development of a juvenile justice information system.

Your Committee concurs with the findings of the Committee on Judiciary that there is a need to improve the processing of information within the juvenile justice system in order to ensure that accurate and timely information is available to all personnel in the criminal justice system who work with juveniles. Currently, data is either transmitted on a manual basis between agencies or not shared as an agency may not be aware that another agency has the information it needs. The proposed information system will allow all agencies quicker access and more comprehensive information on a timely basis.

Your Committee has amended the bill by designating the judiciary, rather than the department of the attorney general, as the expending agency.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 118, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 118, S.D. 2.

Signed by all members of the Committee.

SCRep. 2187 Ways and Means on S.B. No. 1450

The purpose of the bill is to temporarily extend until June 30, 1991, personal care services, with certain limitations, to the non-Medicaid-eligible population on a sliding fee basis in order to assist persons in the gap group to remain in the community rather than be institutionalized, and to appropriate \$450,000 for fiscal year 1988-1989, to the department of human services to carry out the purposes of this bill.

Your Committee has amended the bill to clarify the form to which section 346-64, Hawaii Revised Statutes, will revert upon the repeal of the amendments made by this Act, by clarifying the purpose clause to make the temporary nature of the bill clear, and by making a technical, nonsubstantive change.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1450, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 1450, S.D. 2.

Signed by all members of the Committee.

SCRep. 2188 Ways and Means on S.B. No. 1637

The purpose of this bill is to statutorily implement the resolution of issues associated with the proper and just ceded lands entitlement of the office of Hawaiian affairs. The bill provides that:

- (1) Control over real and personal property set aside and transferred to the office of Hawaiian affairs be held in a perpetual trust for native Hawaiians; and
- (2) "Net proceeds and net income" (rather than "funds") from the public trust be expended for the betterment of conditions for native Hawaiians by an unspecified per cent of the proceeds of all sales, leases, or other disposition of lands (rather than the "funds") from the public land trust.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1637, 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. 2189 Ways and Means on S.B. No. 2011

The purpose of this bill is to expand Nursing Home Without Walls service to non-Medicaid recipients.

Currently, there is a "gap group" of elderly and chronically ill and disabled persons who do not qualify for Medicaid and must pay all costs of personal care attendant services to stay out of institutions. Act 192, Session Laws of Hawaii 1983, established the Nursing Home Without Walls demonstration project to provide extended home services for eligible members of this population. Act 192 was subsequently amended by Act 207, Session Laws of Hawaii 1985, and by Act 134, Session Laws of Hawaii 1987, to expand the target population and increase availability of these valuable services.

This bill will further amend Act 192 by extending the community home care program to gap group persons not eligible for Medicaid by allowing them to share in the cost of services according to a sliding fee scale based on income, assets, and family size.

Your Committee finds this bill meets the policy recommendations of the State's long-term care plan by benefitting the elderly and chronically ill and disabled.

Your Committee amended the bill by increasing the appropriation from \$474,870 to \$599,360 and by deleting the June 30, 1989 repeal date in section 3 to conform with the deletion of the repeal provision in section 11. Technical, nonsubstantive changes were also made.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2011, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2011, S.D. 2.

Signed by all members of the Committee.

SCRep. 2190 (Majority) Ways and Means on S.B. No. 2298

The purpose of this bill is to appropriate \$10,000,000 to implement the Hawaii workers' compensation state fund pursuant to Chapter 386A, Hawaii Revised Statutes.

The Hawaii workers' compensation state fund was established by Act 296, Session Laws of Hawaii 1985, but has yet to be funded. This bill provides the funding.

Your Committee finds the non-profit state fund provides small businesses and other employers an alternative to the limited options now available in Hawaii's insurance market for worker's compensation coverage.

Your Committee has amended the bill to specify the period of appropriation as fiscal years 1988-1989, 1989-1990, and 1990-1991.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2298, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2298, S.D. 1.

Signed by all members of the Committee.

Senators Herkes and Ikeda did not concur.

SCRep. 2191 Ways and Means on S.B. No. 2363

The purpose of this bill is to authorize the issuance of special purpose revenue bonds to assist Energy Conversion Devices, Inc., or its subsidiaries, to manufacture amorphous silicon alloy photovoltaic products or devices in the State of Hawaii.

The use of photovoltaic panels to convert even a small fraction of Hawaii's abundant solar energy resource to electricity can significantly reduce the amount and cost of imported oil. Currently, photovoltaic-generated electricity is cost-effective for remote power applications and consumer products, but not for utility-scale applications. However, rapid advances in photovoltaic technology, especially amorphous silicon, promises to make utility-scale photovoltaic-generated electricity cost-competitive with fossil fuel-generated electricity by the early-to-mid-1990's.

Your Committee has amended the bill by adding Chronar Corporation or its subsidiaries to those for whom special purpose revenue bonds are authorized to be issued; changing the amount of special purpose revenue bonds authorized to be issued to \$1; and by making a technical, nonsubstantive change.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2363, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2363, S.D. 2.

Signed by all members of the Committee.

SCRep. 2192 Ways and Means on S.B. No. 2381

The purpose of this bill is to establish a revolving fund to provide assistance to counties or state agencies for the construction of publicly owned wastewater treatment works.

The bill also provides that the thirteen temporary positions in the Wastewater Treatment Works Construction Grants Branch be converted to federally funded permanent positions and that state funds appropriated under Act 216, Session Laws of Hawaii 1987, Item D-1 be utilized as matching funds in an amount equal to twenty per cent of federal capitalization grants.

Your Committee heard supporting testimony from the Director of Health and finds that Congress has long expected states and municipalities to eventually assume full responsibility for financing new and replacement wastewater facilities. The recently enacted Water Quality Act of 1987 sets forth a schedule and mechanism for completing the transition to full state and local responsibility.

The Environmental Protection Agency's (EPA) direct grant program ends in 1990, while the authority for EPA to make grants to the states to capitalize state water pollution control revolving fund (SRF) begins in 1989. Congress has authorized funds for SRF capitalization grants from fiscal year 1989 through fiscal year 1994 amounting to about \$63 million to the State of Hawaii. However, after 1994, the states and municipalities will be responsible for providing financing necessary to meet the enforceable requirements of the Act.

In order to receive the \$63 million of federal capitalization grants, the State must establish, by statute, a water pollution control revolving fund in accordance with the provisions and requirements of the Water Quality Act of 1987. Establishment of the SRF would provide financial assistance to the counties constructing needed future wastewater facilities, insure compliance with statutory deadlines, and protect our water resources and public health.

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. 2381, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2381, S.D. 2.

Signed by all members of the Committee.

SCRep. 2193 Ways and Means on S.B. No. 2458

The purpose of this bill, as received, is to distribute fifty per cent of the revenues from the transient accommodations tax to the counties in the form of grants-in-aid to be used for improvements to the infrastructure, for tourism-related activities, or both.

The moneys will not go directly into a special fund for the counties; rather, the moneys will be deposited into the state general fund. The bill requires the executive and supplemental budgets to include proposed appropriations to meet this legislative intent, but allows the legislature not to enact the proposed appropriations if it chooses not to do so.

The bill sets forth percentages of the appropriation that each of the counties are to receive: fifty per cent to Honolulu, eighteen and one-half per cent to Hawaii, seventeen and one-half per cent to Maui, and fourteen per cent to Kauai.

In recognition of the needs of the counties for additional moneys to make infrastructure improvements and provide services to meet the demands of increasing numbers of tourists, your Committee intends that the terms "improvements to the infrastructure" and "tourism-related activities" be construed broadly to include projects or activities with some, even minor and ancillary, relation to infrastructure or tourism. When conflict arises between the counties and state administration, your Committee further intends that the counties' interpretation of fundable projects and activities be favored.

Your Committee also intends that the grants-in-aid under the bill be additional to the statutory grants-in-aid to the counties under section 248-6, Hawaii Revised Statutes.

The bill, as received, also appropriated \$31,320,000 in fiscal year 1988-89 for the counties in anticipation of fifty per cent of the revenue from the tax in that year.

Your Committee finds that this bill establishes a mechanism under which the needs of the counties are highlighted and proposed appropriations set forth in the state budget. As the legislature retains its ability to enact or disavow the appropriation, the bill effectively balances the need for legislative flexibility in enacting the budget with the recognition that the counties deserve an equitable share of the transient accommodations tax revenues.

Your Committee has amended the bill by changing the fifty per cent appropriation requirement to an unspecified percentage, changing the proposed \$31,320,000 appropriation to an unspecified amount, and by deleting and leaving blank the proposed apportioned funds for fiscal year 1988-1989.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2458, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2458, S.D. 2.

Signed by all members of the Committee.

SCRep. 2194 Ways and Means on S.B. No. 2514

The purpose of this bill is to increase the flexibility of the county/state hospitals division in the hiring of personnel and the disbursement of funds.

Your Committee concurs with the findings of the Committee on Health that increased flexibility is needed to enable the county/state hospitals division to better carry out its duties and responsibilities. However, your Committee finds that further amendment to this bill is required to fully achieve its purpose.

The legislative auditor noted in its recent report entitled, A Study of the County/State Hospital Program, that there is no clear picture of the financial status of the division which operates consistently with excess revenues, uses an unauthorized special fund, and draws on and combines general fund appropriations with special funds. Your Committee believes that this problem must be addressed if the county/state hospitals division is to operate more effectively and efficiently. Accordingly, your Committee has amended the bill to establish a special fund to be administered by the department of health for the purposes of defraying general administrative costs of the county/state hospitals division and providing a mechanism for the transfer of moneys between individual hospital special fund accounts so as to utilize unrequired balances from one account to supplement insufficient balances in another account. To prevent the continued commingling of general fund appropriations with special fund moneys, your Committee has amended the bill to prohibit the director of finance from allotting general fund appropriations for the operating expenses of county/state hospitals unless the director of finance finds that the moneys in the individual hospital and hospital administration special funds are insufficient to meet the required lawful expenditures.

Your Committee has also amended the bill by deleting the provisions exempting the county/state hospital system from the laws requiring transfers from special funds for central services expenses and from state bidding requirements for purchases of medical diagnostic and therapeutic equipment. Finally, your Committee has amended the bill to clarify the language in the section granting the director of health certain powers relating to personnel recruitment and retention for the county/state hospitals division to authorize the director to use such powers in the filling of existing vacancies and to

specify that the unpaid balance subject to forfeiture in the event employment is terminated refers to any unpaid monetary incentive.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2514, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2514, S.D. 2.

Signed by all members of the Committee.

SCRep. 2195 Ways and Means on S.B. No. 2755

The purpose of this bill is to increase from \$25,000 to \$100,000 the limitation on the total amount of petty cash funds that a state agency may be issued by the comptroller.

The department of accounting and general services testified that raising the limit on petty cash funds will decrease the number of requests for petty cash issuance. Presently, some departments request authorization for such issuance every other day, affecting their timely payments to vendors. Currently, all payments of less than \$100 are required to be made from petty cash. Raising the limit on the amount of petty cash funds that may be issued by the comptroller does not increase the amount of moneys available to a department as such moneys remain subject to amounts specified in appropriations.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2755 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2196 Ways and Means on S.B. No. 3045

The purpose of this bill is to establish a sugar loan revolving fund for loans to sugar growers and processors. This bill, as received, also appropriated \$10,000,000 to the sugar loan revolving fund for fiscal year 1988-1989.

Your Committee finds that there is a need to assist sugar growers and processors in overcoming their economic difficulties. Due primarily to unfavorable national and international sugar politics and policies, the Hawaiian sugar industry has suffered economic hardships for the last several years. The industry has made great efforts in reducing costs and increasing efficiencies during these years of hardship. Hawaii leads the world in sugar yield per acre and sugar produced per employee.

The Hawaiian sugar industry plays an important role in the local economy. The closing of many of the local sugar mills has devastated communities surrounding the plantations, and has increased county unemployment and social welfare costs dramatically.

The Hamakua Sugar Company on the Island of Hawaii, a family-owned sugar plantation is a potential beneficiary of the legislation proposed in this bill. Adverse weather in 1987 has created a short-term cash flow problem that cannot be covered using conventional means. Hamakua Sugar Company is the largest single private employer on the island of Hawaii and provides a portion of the island's electricity. It is the largest sugar producer on the island and shares the cost of sugar terminals, wharfs, and infrastructure with other big island plantations.

If Hamakua Sugar Company is not able to secure alternate short-term financing, it may be forced by its creditors to close. Should this happen, not only would the Hamakua community suffer, but it could lead to a domino effect and bring about the eventual closure of the other plantations on the island, resulting in severe social and economic hardship for the county of Hawaii and the entire State.

The intermediate and long term financial view of Hamakua Sugar Company is excellent. Productivity improvements will make Hamakua a low-cost producer, capable of competing in national and international markets.

Your Committee further finds that in the case of liquidating sugarcane operations, the crop revenues received generally far exceed operational costs, due to avoided crop start-up and growing costs. Should a sugar grower who has been loaned money under the provisions of this bill be forced to close, these extraordinary revenues should more than adequately cover the repayment of such loans.

Your Committee has amended the bill to:

- (1) Delete provisions establishing a special fund for sugar loans;
- (2) Authorize the department of agriculture to make loans not to exceed \$10,000,000 to a family sugar grower, directly to family sugar growers from the agricultural loan revolving fund, according to rules adopted by the department of agriculture;
- (3) Authorize the department of agriculture to determine the collateral required for loans;
- (4) Delete provision authorizing the department of agriculture to insure one hundred per cent of the principal balance of a loan to a family sugar grower;
- (5) Decrease the appropriation from \$10,000,000 to \$5,000,000.

The purpose of these amendments is to fulfill the concerns expressed in testimony from the department of agriculture and the Hamakua Sugar Company.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3045, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3045, S.D. 2.

Signed by all members of the Committee.

SCRep. 2197 Ways and Means on S.B. No. 3054

The purpose of this bill is to require parental leaves of absence from service or employment for a period of not more than three hours a year to attend a parent-teacher conference, to allow school districts to hire professionals on a fee for service basis to conduct parenting workshops and appropriate moneys therefor, and to establish a program to encourage parental and other voluntary participation in schools and appropriate moneys therefor.

Your Committee has amended the bill to provide only for parental leaves of absence for parents who are employed full time without paid vacation leave. Your Committee has also made technical nonsubstantive changes to the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3054, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3054, S.D. 2.

Signed by all members of the Committee.

SCRep. 2198 Ways and Means on S.B. No. 3062

The purpose of this bill is to provide an exemption, for a one year period beginning July 1, 1988, from the general excise tax for stock exchanges organized under the laws of or authorized to do business in Hawaii.

Your Committee finds that the following revenues received by stock exchanges have been identified.

(1) Transaction fees charged only to exchange members. The fees collected on transactions are for maintaining the exchange and providing services to the exchange members. Items provided for the fees are the facilities, equipment, personnel, data entries, order book entries, transaction accounting, and so forth.

There are several types of transactions and several ways of charging fees:

- (A) Stocks bought or sold on an exchange between exchange members are charged on a sliding scale according to value--16 cents per \$1,000 up to \$10 million; 13 cents per \$1,000 for \$10-\$50 million; and 10 cents per \$1,000 over \$50 million.
 - (B) Option contracts bought or sold on the exchange between exchange members are charged on the number of contracts traded. Both the buying member and selling member each pays a flat amount (e.g., 7-1/2 cents) on every contract traded.
 - (C) When members of the exchange use the intermarket trading system (ITS)--an electronic trading network--to make a trade on another exchange (e.g., New York) the fees outlined above in (A) and (B) are charged to the local exchange member only and not to the member of the other exchange.
 - (D) Order book official entry fees are charged on option contracts and others based on a matrix of the number of contracts and value. These fees are charged for exchange employees to make entries in the official order book (a formal accounting and monitoring procedure).
 - (E) Comparison system fees are charged for exchange employees to perform data entries which match trades (buys and sells). These are called "trade entry tickets" and the fee is 28 cents for each match.
- (2) Member dues are charged to member firms at a rate of \$250 a month to maintain membership in the exchange. Also, member firms are charged \$150 a month for a symbol fee (member I.D.).
- (3) Listing fees are charged to companies which want to have their securities traded on the exchange. The cost is \$7,500 (one time) to get listed on the exchange and \$1,000 a year to maintain the listing of one issue of securities. If a listed company puts additional issues of its securities on the exchange it pays 1/4 cent per share (one time) for the additional issue and \$1,000 a year to maintain the additional issue listing. The maximum cost to one company for maintaining its listings is \$3,000 a year. That is, a fourth issue listed is free of charge for maintaining the listing.

(4) Revenue is received by the exchange from its separate participation in a communications network consortium. All United States exchanges collectively own and operate a communications network system which provides securities information to subscribers. The net revenue after expenses from the subscribers is distributed to the exchanges.

As your Committee noted, this bill, as received, exempts stock exchanges completely from the general excise tax. The Department of Taxation raised strong reservations regarding such a complete exemption and feels that both the exchange and the State would be better served if for the one year period only the revenues enumerated in this committee report are exempted. The Department has had only two months to identify the enumerated revenues and while it concurs with the Department of Business and Economic Development that having a stock exchange in Hawaii would benefit the State, it does not recommend a complete exemption without much further study. It would be much harder to take back an exemption next year if the exchange is up and running than it would be to give an exemption for the enumerated revenues

with the possibility of identifying other revenues during the interim which perhaps should be exempted after sufficient study in 1989.

With the preceding in mind, your Committee has amended this bill to limit the stock exchange exemption to the revenue items enumerated in this committee report.

Your Committee has amended the bill to also exclude amounts received by any stock exchange member by reason of executing a transaction relating to securities on the floor of the stock exchange. The exemption does not apply to any transaction preceding or succeeding a transaction on the floor of the stock exchange. Thus, stock brokers who transmit an order to an exchange member receive a commission from a client and that commission would be taxable. There is no intent that by granting this exemption the present taxability of stock brokers in this State be changed in any manner. This exemption is to apply to transactions which occur on the floor (or within the confines of the stock exchange) and not to any transactions which occur away from the floor of the stock exchange.

For the purpose of defining what stock exchange transactions apply to, your Committee has defined securities as they are defined in section 485-1, Hawaii Revised Statutes. Upon review of section 237-3, Hawaii Revised Statutes, your Committee found that the reference to stock and bonds should be amended to refer to securities as defined in section 485-1, Hawaii Revised Statutes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3062, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3062, S.D. 2.

Signed by all members of the Committee.

SCRep. 2199 Ways and Means on S.B. No. 3090

The purpose of this bill is to provide an adequate allowance for public assistance families to meet the necessities of living.

Presently, the welfare allowance standard is lower than the poverty income standard and the differences range from fifty-two to sixty-two per cent of the federal poverty income standard.

This bill, as received, would require the Department of Human Services to provide an assistance allowance equal to sixty-five per cent of the poverty income level in January 1988, with subsequent adjustments required as the poverty level changes and five per cent each July until the allowance is equal to the poverty level.

Your Committee received supporting testimony from the Department of Human Services and others and finds this bill will increase the amount of assistance to needy individuals and families to permit a decent and safe standard of living.

Your Committee has amended the bill as follows:

- (1) Distinguished between financial assistance and medical assistance standards;
- (2) Deleted provision for annual increases based on average weekly wages or the consumer price index;
- (3) Added an appropriation of \$5,400,000 for fiscal year 1988-1989 to be expended by the Department of Human Services;
- (4) Changed the effective date to July 1, 1988;
- (5) Renumbered sections as appropriate.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3090, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3090, S.D. 2.

Signed by all members of the Committee.

SCRep. 2200 Ways and Means on S.B. No. 3166

The purpose of this bill is to transfer the Land Use Division (LUD) and the Coastal Zone Management (CZM) Program from the Department of Business and Economic Development (DBED) to the Office of State Planning (OSP), transfer the Capital Improvements Program (CIP) allotment process from the Office of State Planning to the Department of Budget and Finance (DB&F), and abolish the Hawaii Institute of Management and Analysis in Government (HIMAG).

Your Committee received supporting testimony from the DBED and the OSP.

Act 336, Session Laws of Hawaii (SLH) 1987, which established the OSP, provided for the transfer of certain programs and activities from the Planning Division and the Population Analysis Program of DBED and the HIMAG to OSP. However, the LUD and the CZM of DBED were not transferred.

During the course of the 1987 legislative session, there was much discussion as to the placement of LUD and CZM programs in the OSP. As a consequence of the legislative action taken in Act 336, SLH 1987, the Conference Committee Report strongly recommended that one of the first tasks of OSP should be to review whether LUD and CZM programs should continue to be retained in DBED or more appropriately placed in another agency. Your Committee finds that

LUD and CZM are better suited to the planning functions and activities of OSP rather than DBED whose role is business advocacy. This bill incorporates these changes.

As a result of the state administration's initiatives in the Central Oahu/Ewa and West Hawaii regions, the governor has taken an interim measure on November 20, 1987, by issuing Administrative Directive No. 87-07, which designated OSP as the lead agency within the executive branch to review and coordinate proposed state agency policies, programs, projects and action which pertain to major land use and development projects and coordinate matters relating to land use and development to assure a more effective planning implementation process for the State.

In reviewing the CZM program, your Committee finds that the kinds of planning activities such as the Ocean Management Plan and the Ocean and Coastal Information Management System have direct implications and linkages to the kinds of projects and activities of OSP such as the Exclusive Economic Zone (EEZ) and the Geographic Information System (GIS). In addition, the linkages with LUD activities will be further strengthened. This change will also allow the CZM program to maintain its broad perspective and facilitate its coordinative and networking role with other agencies.

Since the adoption of Act 336, SLH 1987, an evaluation of the CIP program was conducted and the conclusion was reached that from an operational standpoint, the CIP allotment process should be a function of the DB&F and OSP's role should focus in the planning of public facilities in the budget formulation process.

Hence, this bill will implement procedural changes in coordination with DB&F which are intended to streamline both the review and implementation process of the State's CIP. These procedural changes should prove to be a significant benefit to both the State and counties by reducing response time needed to review and approve CIP projects. By Administrative Directive No. 87-5, the State's CIP implementation review function, including the CIP allotment process, has been transferred to DB&F and OSP is to concentrate its planning efforts on the CIP budget formulation process in coordination with DB&F.

Your Committee finds that the statewide training mandate of HIMAG is not compatible with the purposes and functions of OSP and that the responsibility for statewide employee training programs rests with the Department of Personnel Services (DPS). Hence, the bill is repealing the pertinent sections of chapter 81, Hawaii Revised Statutes, dealing with the HIMAG program, thus eliminating the previous jurisdictional problems associated with statewide training functions between DPS and HIMAG.

It should also be noted that under the provision of Section 12, transfer of personnel, CZM staff will be tenured as civil service employees without loss of salary and other employee benefits and privileges.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3166 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2201 Ways and Means on S.B. No. 3178

The purpose of this bill is to clarify the role of the high technology development corporation and to authorize the expenditure of moneys with the approval of the governor for emergency repairs or maintenance within any industrial park or facility which the development corporation operates and manages.

The bill expands the level of activity of the development corporation from the development of high technology parks to individual projects, which is consistent with the development corporation's proposals to develop the Manoa Innovation Center and the Maui Research and Technology Center which are facilities as opposed to parks.

Your Committee has amended the bill by deleting sections 5 and 6, since the provisions therein are not necessarily essential to the purpose of the bill, and by changing the effective date of the bill from "upon its approval" to "on January 1, 1999". Your Committee has also made other technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3178, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3178, S.D. 1.

Signed by all members of the Committee.

SCRep. 2202 Ways and Means on S.B. No. 3195

The purpose of this bill is to create a "homes revolving fund" to be administered by the state housing finance and development corporation for the development of affordable housing programs.

The bill provides the mechanism to spur and stimulate the development of affordable housing for Hawaii's residents, particularly low- and moderate-income residents who are seeking home ownership opportunities. Your Committee believes that the bill provides for a sound investment mechanism for the State in partnership with the private sector to develop socioeconomically integrated communities which would enhance the quality of life for participants in the affordable housing programs.

Your Committee has amended the bill by changing the appropriation amount from \$120,000,000 to \$1, and by deleting the phrase "other long-term financing" on page 6, line 5 of the bill. Your Committee believes that the bill in final form will provide the necessary funding for the purpose stated herein. Your Committee has also made technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3195, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3195, S.D. 2.

Signed by all members of the Committee.

SCRep. 2203 (Majority) Ways and Means on S.B. No. 3197

The purpose of this bill, as received, is to establish a graduated conveyance tax on transfers of interests in real property.

At present, transfers of interest in real property are subject to a flat tax rate of five cents per one hundred dollars. The proposed bill will establish a graduated rate, with excess funds to be deposited into the rental assistance revolving fund to assist families in making rental payments, or into any other fund established under chapter 201E to provide assistance to meet the housing and shelter needs of the homeless, the elderly, and the disadvantaged. The proposed graduated rates rises from five cents per hundred dollars for property valued at \$200,000 or less, to \$3.75 for property valued at over \$3,000,000. Taxes collected in excess of five cents per hundred dollars are to be deposited into the rental assistance revolving fund.

Your Committee received testimony in favor of the bill from the department of taxation and the housing finance and development corporation.

Your Committee has amended the bill by:

- (1) Deleting the specific amounts of the graduated rates;
- (2) Deleting the specified formula for excess funds to be deposited into the rental assistance revolving fund; and
- (3) Clarifying that each category of conveyance tax rate is a marginal tax rate applicable only to the amount of consideration received in each bracket.

Your Committee also made technical, nonsubstantive changes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3197, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3197, S.D. 2.

Signed by all members of the Committee.
Senator Herkes did not concur.

SCRep. 2204 Ways and Means on S.B. No. 3204

The purpose of this bill is to establish an environmental emergency response revolving fund within the department of defense to provide the department with the resources and authority to environmental emergencies or accidents.

This bill, as received, adds a new chapter to the Hawaii Revised Statutes for environmental emergency response which creates the environmental emergency response revolving fund and which authorizes the department of defense to: (1) perform emergency removal actions of hazardous substances; (2) require responsible parties to perform necessary removal or remedial actions; (3) recover costs incurred by the department in the course of performing any necessary actions; and (4) develop a contingency plan for the cleanup of hazardous sites in the State. The bill also appropriates \$500,000 for fiscal year 1988-1989 to be deposited into the environmental emergency response revolving fund and \$150,000 for fiscal year 1988-1989 to provide for program staff.

Your Committee has amended the bill by designating the department of health, rather than the department of defense, as the department responsible for this program as was provided in the original version of the bill. Your Committee believes that the department of health is the more appropriate agency since it currently is the lead state agency in charge of coordinating environmental emergency response activities under Title III of the Superfund Amendments and Reauthorization Act of 1986.

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. 3204, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3204, S.D. 2.

Signed by all members of the Committee.

SCRep. 2205 Ways and Means on S.B. No. 3339

The purpose of this bill is to appropriate \$150,000 to the legislative auditor to conduct a management and financial audit of the state highway, airport revenue, and harbor special funds.

Except for the airport revenue fund, the funds are at various stages of facing depletion. The state highway fund is scheduled to face a deficit by the year 1991. and the harbor special fund may be diminished by the proposed redevelopment of Honolulu Harbor.

Your Committee finds that it is essential for the legislature to have requisite information to evaluate and make decisions regarding these various funds. Therefore, an audit at this time is not only prudent, but necessary to insure the proper administration of these funds.

Your Committee amended this bill to require the legislative auditor to submit findings and recommendations twenty days prior to the convening of the 1989 regular session. Your Committee has also made technical, nonsubstantive changes for purposes of style, clarity, and consistency.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3339, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3339, S.D. 1.

Signed by all members of the Committee.

SCRep. 2206 Ways and Means on S.B. No. 3413

The purpose of this bill is to authorize the department of land and natural resources (DLNR) to negotiate long-term leases to qualifying permittees, who depend on farming state land for a livelihood.

This bill is consistent with objectives of the Hawaii State Plan for continued growth and development of diversified agriculture throughout the State, and widespread development of farm ownership is one of several stipulated uses for proceeds from the public land trust.

Your Committee has amended the bill as received by deleting paragraph (4) of Section 2 on page 4, lines 3 through 5, which prohibited giving leases to persons who owned comparable fee simple land in the State.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3413, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3413, S.D. 1.

Signed by all members of the Committee.

SCRep. 2207 Government Operations on S.B. No. 2019

The purpose of this bill is to require that persons who furnish labor or materials valued in excess of \$5,000, for a public works project, without an express or implied contract with the general contractor, must provide written notice to the general contractor within ninety days of the last date that labor or material was furnished.

Your Committee finds that general contractors are sometimes required to pay twice; because the subcontractor was paid but did not, in turn, pay its suppliers. These suppliers can collect on the general contractors payment bond. Typically, the bonding company is contractually indemnified by the general contractor.

While the general contractor has a cause of action against the subcontractor for the failure of the subcontractor to pay its suppliers, this is often a hollow remedy. If pursued, it will generally add litigation costs in excess of the recovery.

The amendment proposed by this bill is based upon the Miller Act, 40 U.S.C.A., section 270, et seq. It imposes a small burden on the supplier, to avoid larger problems and future litigation.

Your Committee is aware that similar legislation was enacted in 1987 (H.B. 1013) and vetoed by the Governor. The veto message stated, in pertinent part:

"This bill appears to attach a condition precedent to a suppliers right to sue -- the ninety day notice Apparently, if this notice is not given, the supplier is left without a remedy.

... this is just the type of extra step that could easily be overlooked by a small business, which would be least prepared to lose its legal rights to be paid. If this bill had mandated that either the general contractor or the subcontractor dealing with the supplier must inform the supplier of the ninety day notice requirement, I would have been inclined to approve this bill."

An attempt has been made to address the Governor's concern, although it is not the specific amendment suggested by the Governor. Unlike H.B. No. 1013, this bill only covers labor and materials valued in excess of \$5,000, allowing smaller suppliers to recover without having given notice to the general contractor.

Your Committee is cognizant of the difficulty in establishing an equitable sharing of risks and burdens between an innocent supplier and an innocent general contractor. Your Committee hopes that the administration will express an opinion on this proposed compromise before it reaches the Governor's desk.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2019 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. 2208 Government Operations on S.B. No. 2038

The purpose of this bill is to increase county homerule by amending and repealing various provisions of Chapter 281, Hawaii Revised Statutes (HRS) relating to the authority and responsibilities of county liquor commissions.

Specifically, this bill would add a new section to the law which gives the liquor commissions broad authority to hire attorneys; allow each county to set the compensation for its liquor commissioners; and repeal: 1) the statutory authority for cabarets to remain open until 4:00 o'clock a.m., notwithstanding liquor commission rules; 2) the filing fee exemption for various classes of licenses; 3) the nonuniform requirements on the use of county attorneys; and the section on writs of replevin. This bill also moves Section 281-81, HRS, regarding prohibited forms of payment, into Section 281-78(b).

Your Committee finds that each liquor commission should be equally free to employ the services of prosecuting attorneys and other county attorneys, as they deem appropriate. Section 1 has been amended to clarify this intent. Your Committee also believes each county should have the authority to establish the compensation of its liquor commissioners in an amount deemed to be consistent with the compensation for members of other commissions in the same county.

Your Committee concurs with the intent to move Section 281-81, HRS, into Section 281-78(b), HRS, to consolidate these prohibited practice sections and to delete obsolete language regarding the staggering of the initial terms from Section 281-11, HRS.

Because all license applications and all requests to transfer a liquor license require review, your Committee feels that a filing fee should be required upon applying for any license. This bill provides for such a requirement.

Your Committee received testimony opposing the repeal of the provision overriding any liquor commission rule that required cabarets to close before 4:00 a.m. David C. Schutter, part owner of a cabaret nightclub in Waikiki, expressed concern that a liquor commission might establish an early closing time without granting an exemption for resort areas. He was concerned with the impact on the tourism industry and businesses which cater to tourists.

Your Committee addressed Mr. Schutter's concern by retaining the language which allows cabarets to remain open until 4:00 a.m., but limiting its application to resort areas. The liquor commissions will be able to set an earlier closing time for cabarets which are not in resort areas.

Each county uses its own system of land zoning. Therefore, the generic term "resort areas" is used in the bill. For clarification, the areas covered by the generic term are as follows:

- (1) In the City and County of Honolulu, "resort areas" means; "Hotel Districts" (H-1) as established by Article 7 of Chapter 21 of the Revised Ordinances of Honolulu (1983 edition) (ROH-83) as amended; "Planned Development-Resort" (PD-R) as established by Article 10 of Chapter 21, ROH-83, as amended; and the "Resort Hotel Precincts" and "Resort Commercial Precincts" in the "Waikiki Special Design District" (WSDD) as established by Article 13A of Chapter 21, ROH-83, as amended;
- (2) In the County of Hawaii, "resort areas" means "Resort-Hotel Districts" established pursuant to Section 25, Article 10 of the Hawaii County Code, as amended;
- (3) In the County of Kauai, "resort areas" means "Resort Districts" (RR) as established pursuant to Chapter 8, Article 4 of the Revised Code of Ordinances of the County of Kauai, 1976 edition, as amended; and
- (4) In the County of Maui, "resort areas" means "Resort Commercial District" (B-R) as established pursuant to Chapter 19.22, Maui County Code, as amended.

As these boundaries are expanded or contracted by the respective county, so shall the boundaries of "resort area" be expanded or contracted for purposes of Chapter 281, HRS.

At the same hearing as testimony was received on this bill, your Committee heard testimony on S.B. No. 2040. Since both bills amended Chapter 281, HRS, your Committee has consolidated its action on both bills into S.B. No. 2038, as amended. The amendments adopted from S.B. No. 2040 would mandate the revocation of a liquor license held by a corporate licensee whenever a change of ownership or controlling interest occurred, require the liquor commission to define "controlling interest" and allow them to issue advisory opinions.

Your Committee has decided that liquor licenses should not be transferred, except in very limited circumstances. In most instances, any entity purchasing a licensed premises should be required to meet the conditions for a new license. The bill has been amended to limit transfers to situations where a partnership loses, not adds, partners or where limited partners are added or dropped. In all other cases of new ownership, including the transfer of a controlling interest in a corporation, the new owner will be given a 120 day temporary license and be required to apply for a new license.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2038, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2038, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2209 Government Operations on S.B. No. 2043

The purpose of this bill is to repeal Chapter 221, Hawaii Revised Statutes, which established the Commission on the Year 2000. The Commission completed its work, published its ninth annual report and ceased operations in 1981.

The Commission on the year 2000 was created in 1970, to study the impact of technological and social changes on Hawaii, anticipate Hawaii's future, identify desired goals, recommend appropriate legislative and administrative actions to achieve these goals, and assist community groups concerned with Hawaii's future.

Your Committee gratefully recognizes the substantial success of the Commission in promoting awareness of the need to plan and work for a preferred future. Evidence of the Commission's impact includes the newly established Office of State Planning, which will continually address emerging issues and opportunities, and the Hawaii State Plan, which was enacted to serve as a guide for long range development of the State and to establish a statewide planning system for the achievement of the community's goals and objectives.

Your Committee heard testimony in support of the bill from Les Matsubara, of the Department of Business and Economic Development, suggesting that all records, equipment and other property of the Commission be transferred to the University of Hawaii, the Office of State Planning, or the State Archives. Your Committee finds it most appropriate to transfer these materials to the State Archives and has so amended the bill.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2043, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2043, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2210 Government Operations on S.B. No. 2155

The purpose of this bill is to amend the approval process for selling abandoned school sites and the allowable use of the proceeds therefrom.

Currently, approval by the Superintendent of Education is needed prior to the sale of any abandoned school site. This bill would require legislative approval (in lieu of the Superintendent) whenever any county in the State moves to sell any real property formerly used for school purposes. The bill also deletes the requirement that the proceeds of such sale be used exclusively for school purposes.

Your Committee amended the bill by deleting section 1 and section 3, which respectively would have required the aforementioned legislative approval and given legislative approval to sell an abandoned school site in Kailua. These amendments are based on your Committees belief that legislative approval is not necessary.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2155, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2155, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and George.

SCRep. 2211 Government Operations on S.B. No. 2964

The purpose of this bill is to clarify that the counties may impose reasonable procedural requirements on the awarding of consultant contracts.

Under current law, any county may exercise the same powers as those granted to the Housing Finance and Development Corporation pursuant to Chapter 201E, Hawaii Revised Statutes, for the purpose of developing, constructing, and providing low and moderate income housing. This bill clarifies that a county may enact any ordinance establishing procedures for awarding consultant contracts for low and moderate income housing projects pursuant to the grant of authority contained in Section 46-15.1, Hawaii Revised Statutes.

Your Committee received testimony from City and County of Honolulu Council member Gary Gill who testified that the bill would allow the County Council to adopt an ordinance to reasonably control the waiving of bids.

Your Committee finds that the county councils should have the power to place controls on waiving bids on consultant contracts; however, your Committee believes that it is more appropriate to amend section 46-15.1 rather than section 201E-211. Accordingly, your Committee deleted the entire contents of the bill and inserted appropriate language to section 46-15.1, HRS.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2964, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2964, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2212 Government Operations on S.B. No. 2314

The purpose of this bill is to update Chapter 445, Hawaii Revised Statutes (HRS), by deleting duplicative, obsolete and unwarranted business regulations.

During the last twelve months, over 9,000 licenses were issued in the City and County of Honolulu pursuant to Chapter 445, HRS (County Licenses). Most of them were an unwarranted burden on the business community, serving no appreciable public purpose.

Your Committee notes that county regulation is not only sometimes duplicative, it is largely ineffective. With over 9,000 licenses issued for fiscal year 1986-87, there were 550 violations -- but 421 of these were for licensing offenses. Only 45 cases were referred to the Prosecuting Attorney's Office and, apparently, none of these has been prosecuted.

Your Committee heard testimony in support of the bill from the City and County of Honolulu and the Department of Health (DOH). Both recommended certain amendments to the bill.

The DOH made the following recommendations:

1. Increase the penalty provision of Section 445-12(c), HRS, for operating an unlicensed group living home, from "a maximum of \$500" to "a maximum of \$500 per day." The department felt that the illegal operation could be profitably operated unless the penalty was applied daily.
2. Amend Subsection 445-96(a), HRS, to repeal the misdemeanor sanction and substitute a fine in accordance with Section 445-12, HRS.
3. Repeal the apparent authority, in Section 445-94, HRS, for the DOH to state the number of persons entitled to lodge in a licensed premises, as this is covered by county zoning laws.

The DOH stated that it issues sanitary certificates to beef and pork vendors, food products manufacturers, restaurants, laundries, and steam laundries; but only because it is required for the county license. The DOH noted that they already regulate these establishments under public health regulations and that there is no reason for this duplicative regulation.

Based on the DOH's testimony, your Committee finds that adequate enforcement presently exists through the rules of the DOH. Your Committee has adopted the recommendations of the DOH and has amended the bill accordingly.

The City and County of Honolulu made the following recommendations:

1. Allow the Director of Finance to supplement the Police Department's efforts by designating representatives to be license inspectors;
2. Retain Section 445-14, HRS, to require businesses to indicate where they intend to operate;
3. Retain licensing of food processors and manufacturers and restaurants, "unless enforcement of health standards and zoning requirements can be established through another legal mechanism"; and
4. Repeal the requirement that pawnbrokers licenses contain, on the license itself, a statement of the conditions of licensure.

Your Committee has adopted all but the third of the four recommendations of the City and County of Honolulu and has amended the bill accordingly. Based on the testimony of the DOH, it appears that food processors, manufacturers, and restaurants can be adequately regulated through rules of the DOH.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 2314, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2314, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2213 Government Operations on S.B. No. 3001

The purpose of this bill is to increase the legal alcohol content in commercially sold confections.

Currently, Section 328-9, Hawaii Revised Statutes (HRS), provides that commercial confections may contain only one-half of one percent of alcohol by volume derived solely from the use of flavoring extract. This provision makes the importation, manufacture and sale of various brands of candies, cakes, cookies and chewing gums illegal under present law.

Until recently, federal law prohibited the interstate shipment of confections containing more than one-half of one percent alcohol by volume. In deference to the federal law, Hawaii and many other states adopted the same restriction. The federal law was repealed with the enactment of Public Law 99-252. Thus, the states can now amend their laws to remove the restriction.

This bill amends Section 328-9, HRS, by changing the required alcohol content for adulterated food, and also amends Section 281-1, HRS, by amending the definition of "liquor" or "intoxicating liquor."

Your Committee amended the bill by deleting the amendment to Section 281-1, HRS, since that provision deals only with alcohol which is fit for use for beverage purposes. Your Committee also amended the bill by adopting statutory language that parallels California's law on alcohol enhanced confections. These amendments specifically provide that:

- (1) The selling of over the counter unlabeled or unpackaged confections containing alcohol in excess of one-half of one percent alcohol by weight would be illegal unless the consumer is notified of that fact by either proper labeling or conspicuous posted signs, conspicuous notices on menus or by advertisements.
- (2) Alcohol enhanced confections will be deemed adulterated only if it contains more than five percent alcohol by weight.
- (3) Alcohol enhanced confections will be deemed misbranded only if they contain more than one-half of one percent alcohol by weight if the fact does not appear on the label for food.

- (4) A food which is confectionery and contains alcohol of five percent or less by weight after having been manufactured and prepared for market shall not be subject to the punishment provided in Section 281-2, HRS.

The purpose of these amendments is to allow the sale, manufacture and importation of liquor flavored or enhanced confectionery foods in the State, and to give consumers notice of the alcohol content in the confections. Your Committee finds that Hawaii stands to benefit from this bill since testimony indicates that there is an apparent market for Kona coffee liquor chocolates and macadamia nut liquor chocolates which are unique products of the islands.

Your Committee is sensitive to the concern that liquor enhanced candies may be consumed by minors. However, this is unlikely to become a problem for these practical reasons:

- (1) It takes several alcohol enhanced candies to equal one ounce of alcohol. An individual would probably get sick long before they would get "high" on the alcohol in the product.
- (2) Given the low alcohol content and high price of most alcohol enhanced confections, there is little incentive for minors to misuse this product as a substitute for beverage alcohol.
- (3) There are a wide variety of food and nonprescription medicinal products, including cold medicines, sleeping pills and mouthwash among others, presently on the market which contain much higher concentrations of alcohol at much lower prices.

Your Committee on Government Operations is in accord with the intent and purpose of S.B. No. 3001, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3001, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling and George.

SCRep. 2214 Health on S.B. No. 3248

The purpose of this bill is to establish a new chapter in the Hawaii Revised Statutes relating to bottled water.

Specifically, the new chapter provides for the following:

- (1) Definitions;
- (2) Product quality requiring all bottled water to be from an approved source and free from any constituent, in quantities which may be hazardous to health, as established by rules adopted by the Department of Health;
- (3) Requires bottled water, including mineral water, not to exceed any maximum contaminant level (MCL) for specified chemicals, or any MCL established by the EPA under the Safe Drinking Water Act, or the Department of Health, for any organic or inorganic chemical;
- (4) Establishes manufacturing and operating requirements including filtering, processing, and packaging in accordance with the FDA Good Manufacturing Practice regulations and any other rules adopted by the Department;
- (5) Requires each bottled water plant operator and water dealer to develop and maintain a procedure for product recall;
- (6) Establishes source water monitoring provisions;
- (7) Specifies chemicals which shall be monitored every four years;
- (8) Provides that sampling be performed by qualified personnel, and that records be maintained on file for not less than two years;
- (9) Establishes finished product monitoring provisions for microbiological, chemical, physical, and radiological contaminants; and
- (10) Establishes labeling requirements and exemptions for soda water and softdrinks.

Your Committee received supporting testimony from the Director of Health and the Chief Executive Officer of The Water Man, Inc., and finds that this bill will enhance the ability of the State to safeguard the public health and protect consumers from deceptively labeled bottled water products.

Your Committee has amended the bill by providing that bottled water shall not exceed any MCL established by the federal EPA and deleting subsection (c) of proposed Section -2 containing specific references to chemicals. Your Committee has also corrected a typographical error on page 9, line 4, clarified that water means water originating in Hawaii, and changed the effective date from upon approval to January 1, 1989.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3248, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3248, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2215 Planning and Environment on S.B. No. 2046

The purpose of this bill is to repeal the laws relating to accelerated amortization tax deduction for certified pollution control facilities.

Your Committee finds that Section 235-11, Hawaii Revised Statutes (HRS), is obsolete on the basis that (1) it only applies to control facilities placed in service between January 1, 1970 and December 31, 1975; (2) few eligible facilities used the tax deduction; and (3) all facilities which used the deduction have now been fully amortized within the prescribed write-off period.

Your Committee, upon consideration of testimony, has amended this bill by adding a new Section 3 to delete Section 235-2.3(b)(9), HRS, which makes reference to Section 235-11 and by renumbering the remaining sections accordingly.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2046, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2046, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2216 Military and Civil Defense on S.B. No. 1581

The purpose of this bill is to allow a members of the armed forces to remove their automobile from the State, even if they lack legal title.

Relocation is a stressful process. It is even more so for a member of the armed services because the member is rarely fully reimbursed for travel expenses. One of the problems many members face is the law prohibiting the shipment of cars that are financed in the State. Since the clause in an automobile owner contract containing this prohibition is often hidden in the small print of the purchase agreement, members usually do not learn of the legal obstacle until the last minute. The member is then faced with the choice of attempting to refinance the car or sell it with little time available to do either. This problem adds significantly to the financial and psychological stresses of reassignment.

Your Committee received testimony from Colonel Walter E. Daniell, Commanding Officer of Kaneohe Marine Corps Air Station who gave the following reasons for supporting the bill. First, Hawaii is now truly integrated in our nation's economy; second, we live in an age of instantaneous communication and electronic data exchange; third, nationwide debt collection services are flourishing and their services are available to Hawaii's lending institutions; and fourth, virtually every state has certificate of title laws which protect automobile lienholders from defaulting borrowers.

For these reasons, your Committee supports S.B. No. 1581, in an effort to provide the greatest convenience to armed forces members but respecting the motion of contractual obligations.

Your Committee has amended the bill by: allowing the removal of an automobile without the consent of a financing agency as well as a seller; deleting the exception which prohibits the removal of an automobile contractually; prohibiting removal if a member is in default of his contract; and requiring the member to notify the seller or financing agency of the member's forwarding address.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of S.B. No. 1581, S.D. 1, as amended herein, and recommends that it pass Second Reading and placed on the calendar for Third Reading in the form attached hereto as S.B. No. 1581, S.D. 2.

Signed by all members of the Committee except Senator George.

SCRep. 2217 Planning and Environment on S.B. No. 3208

The purpose of this bill is to assist the Department of Health in adopting administrative rules concerning used oil.

According to testimony presented by the Director of Health, Part VII, Chapter 342, Hawaii Revised Statutes, regarding used oil, has terms that are confusing and undefined. These problems are causing the Department difficulty in drafting the corresponding administrative rules.

Essentially, this bill resolves those difficulties by clarifying that any person engaged in the transporting, marketing, or recycling of used oil must obtain a permit from the Department. Additionally, the vague and confusing terms "first-time" and "second-time", which identify transporters, marketers, and burners were deleted. Sampling and testing requirements are also included in the bill.

Your Committee has amended the bill by:

(1) Deleting the definitions of "department" and "director" since those terms are already defined at the beginning of chapter 342;

(2) Deleting the word "used" from the definition of "specification fuel" and from the term "recycled used oil" to provide for consistency within the Part VII;

(3) Repealing Section 342-82 relating to exemptions;

- (4) Establishing requirements for burning specification oil;
- (5) Adding more stringent requirements concerning recordkeeping, sampling, and testing of used oil;
- (6) Changing the definition of "permit" to include a used oil management system; and
- (7) Making numerous nonsubstantive technical and language changes for the purpose of clarity and conformance with recommended drafting style.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 3208, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3208, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SRep. 2218 Planning and Environment on S.B. No. 2860

The purpose of this bill is to establish a process which enables any person or agency to appeal to the State Environmental Council (council) an agency determination of whether or not an Environmental Impact Statement (EIS) is required.

This bill would make the decisions of every lead county and state agency subject to review by the Environmental Council.

The present statute requires state and county agencies to prepare a written environmental assessment for applicable projects to determine whether there are significant environmental effects. The agency then determines whether or not a full EIS is required and files a statement to that effect with the Office of Environmental Quality Control.

Your Committee heard opposing testimony provided by the Chief Planning Officer stating that the current system is working and has resulted in a responsible consideration of environmental issues.

Upon consideration, your Committee has decided to amend this bill by removing the contents and replacing it with a new section authorizing the council to issue advisory opinions.

This bill would allow the council to interpret its own rules to determine whether or not an EIS is appropriate. Current law does not provide such authority.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2860, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2860, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SRep. 2219 Planning and Environment on S.B. No. 2383

The purpose of this bill is to require the Board of Land and Natural Resources (BLNR) to give notice to abutting land owners and the public when shoreline determinations are to be made.

This bill would also specify that shoreline determinations shall:

- (1) Not designate public property created by erosion as private property; and
- (2) Require the removal of any artificial developments which may affect the determination and were placed or built without the proper permits and approvals.

Current law gives BLNR the authority to make rules prescribing procedures for shoreline determinations and appeals of shoreline determinations; providing that no determination shall be valid for longer than twelve months, except where the shoreline is fixed by approved man-made structures. Although Act 258, Session Laws of Hawaii 1986 mandated the BLNR to adopt rules by June 30, 1987, the rules have yet to be adopted.

Your Committee, upon consideration of testimony, has decided to delete the requirement that unapproved artificial developments be removed prior to shoreline determination. Your Committee has further amended this bill:

- (1) By requiring the State surveyor to evaluate the shoreline prior to determination;
- (2) By establishing more stringent guidelines for notification and appeal of a shoreline determination; and
- (3) By mandating that no shoreline shall be certified and other shorelines may be invalidated, unless the board has adopted rules pursuant to this section.

Your Committee has also amended this bill by making clarifying language changes for the purposes of clarity, fairness, and accuracy.

Your Committee on Planning and Environment is in accord with the intent and purpose of S.B. No. 2383, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2383, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2220 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3191

The purpose of this bill is to update references to the Housing Finance and Development Corporation.

Section 516-1, Hawaii Revised Statutes, refers to the outdated reference Hawaii housing "authority". This bill updates section 516-1 by replacing references to Hawaii housing "authority" with the housing finance and development "corporation."

Your Committee received supporting testimony from the Housing Finance and Development Corporation of the Department of Business and Economic Development and the Building Industry Association of Hawaii and finds that Act 337, Session Laws of Hawaii 1987, transferred certain functions of the Hawaii Housing Authority to the newly created Housing Finance and Development Corporation, and therefore the bill is a housekeeping measure to make references consistent with Act 337.

Your Committee amended the bill by making technical and nonsubstantive changes to conform to recommended drafting style.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3191, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3191, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling, Hagino, Yamasaki and Young.

SCRep. 2221 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3192

The purpose of this bill is to update references to the Housing Finance and Development Corporation.

Section 237-29, Hawaii Revised Statutes, refers to the outdated reference "Hawaii Housing Authority" and the outdated reference "359G-15." This bill updates section 237-29 by replacing references to "Hawaii Housing Authority" with the "Housing Finance and Development Corporation" and references to "359G-15" with "201E-205."

Your Committee received supporting testimony from the Housing Finance and Development Corporation of the Department of Business and Economic Development and the Building Industry Association of Hawaii and finds that Act 337, Session Laws of Hawaii 1987, transferred certain functions of the Hawaii Housing Authority to the newly created Housing Finance and Development Corporation, and therefore the bill is a housekeeping measure to make references consistent with Act 337.

Your Committee amended the bill by making nonsubstantive changes to conform to recommended drafting style.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3192, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3192, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling, Hagino, Yamasaki and Young.

SCRep. 2222 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3224

The purpose of this bill is to add a new definition for agriculture or agricultural that includes aquaculture activities.

Section 171-1, Hawaii Revised Statutes, sets forth definitions relating to the management and disposition of public lands. This bill adds a new definition for "agriculture or agricultural" that includes aquaculture activities as defined by Section 187A-1, Hawaii Revised Statutes.

Your Committee received supporting testimony from the Department of Land and Natural Resources and finds that Chapter 171, Hawaii Revised Statutes, guides the Board of Land and Natural Resources in leasing public lands and the bill clarifies that public lands can be used for aquaculture purposes.

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. 3224, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3224, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling, Hagino, Yamasaki and Young.

SCRep. 2223 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3225

The purpose of this bill is to eliminate a public hearing for withdrawing or modifying forest reserves under certain circumstances and to give natural area reserves the same protection against the destructive impact of cattle and horses as currently given to other public areas.

This bill amends Section 183-13, Hawaii Revised Statutes, to eliminate a public hearing setting apart government lands as forest reserves when a public hearing on the proposed use has already been held pursuant to Section 183-41; amends Section 183-19 to exclude destructive livestock from natural area reserves; and updates the terminology of Section 183-21.

Your Committee received testimony from the Department of Land and Natural Resources and finds that cattle and horse trespass can cause considerable and lasting damage to the habitat and the native plants and animals protected by natural area reserves. The bill gives natural area reserves the same protection against the destructive impact of cattle and horses as currently given to forest reserves, game management areas, and public hunting areas.

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. 3225, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3225, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling, Hagino, Yamasaki, Young and A. Kobayashi.

SCRep. 2224 Ways and Means on S.B. No. 3151

The bill as received authorized the department of budget and finance, with the approval of the governor, to issue special purpose revenue bonds in a total amount not to exceed \$10,000,000, to assist Magnetics Research International Corporation of Hawaii, a Hawaii corporation, in the generation of new capital for the establishment of a research and development facility.

Your Committee received testimony supporting the intent of the bill from the Department of Business and Economic Development and others.

Your Committee finds that it is in the public interest to authorize the sale of special purpose revenue bonds for financing a research and development center which can lead to the creation of new high quality jobs.

Your Committee amended the bill by changing the \$10,000,000 authorization to \$1.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3151, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3151, S.D. 1, and be placed on the calendar for Third reading.

Signed by all members of the Committee.

SCRep. 2225 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3226

The purpose of this bill is to expand the scope of the Land Fire Protection Law to include protection of game management areas, public hunting areas, and natural area reserves, and to clarify the powers and duties of foresters and fire wardens.

Currently, Section 185-1, Hawaii Revised Statutes, provides that the Department of Land and Natural Resources shall take measures for the prevention, control, and extinguishment of forest fires on lands within the forest reserves and public shooting grounds. This bill provides the same protection for game management areas, public hunting areas, and natural area reserves.

The bill also amends Section 185-3, Hawaii Revised Statutes, relating to powers and duties of foresters and fire wardens, by making nonsubstantive changes for the purposes of clarity and conformance with recommended drafting style.

Your Committee finds that this bill is consistent with Legislative intent to provide fire protection for a wide scope of lands.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3226 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 Fernandes Salling, Hagino, Yamasaki and Young.

SCRep. 2226 (Majority) Housing, Hawaiian Programs and Natural Resources on S.B. No. 3333

The purpose of this bill is to reduce the length of time for single-family residential lessees to qualify for leasehold conversion.

Section 516-1, Hawaii Revised Statutes, defines the lease term as twenty years or more. This bill reduces the lease term to nineteen years or more.

Your Committee received testimony from the Housing Finance and Development Corporation of the Department of Business and Economic Development. Your Committee finds that reducing the length of time for single-family residential lessees to qualify for leasehold conversion reinforces the right of home owners to buy their land.

Your Committee has amended the bill to reduce the length of time from nineteen years to fifteen years.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3333, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3333, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling, Hagino, Yamasaki and Young.
Senator Holt did not concur.

SCRep. 2227 Housing, Hawaiian Programs and Natural Resources on S.B. No. 3401

The purpose of this bill is to establish within the Department of Land and Natural Resources, a Commission to develop a land exchange plan between the military and the State of Hawaii.

This bill establishes a Commission to:

- (1) Study and identify State and military lands which are suitable or potentially suitable for exchange;
- (2) Develop a plan or plans by which such exchanges may be effected to the mutual benefit of both the State and the military in Hawaii; and
- (3) Make recommendations to the Legislature, the United States Department of Defense, and Congress regarding which Hawaiian lands, if any, are suitable for exchange.

The Commission shall consist of the Chairperson of the Senate Committee on Military and Civil Defense, the Chairperson of the House Committee on Intergovernmental Relations, the Governor or the Governor's representative, and the Commander-In-Chief of the Pacific (CINCPAC) or the Commander-In-Chief's representative. The Commission shall solicit information, study and review previous land dispositions, and submit reports to the Legislature, Congress, and the United States Department of Defense.

Your Committee finds that the two largest land holders in the State of Hawaii are the military and the State government. Your Committee further finds that there may be several parcels of land which, through good faith negotiation, would be appropriate subjects for exchange between the State of Hawaii and the United States Department of Defense and that this bill represents an initiative to effectuate the exchanges.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of S.B. No. 3401, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Fernandes Salling, Hagino, Yamasaki and Young.

SCRep. 2228 Transportation on S.B. No. 540

The purpose of this bill is to require persons to have either a motor scooter or a motorcycle and motor scooter license before being allowed to operate a moped.

Under current law, a person is allowed to operate a moped as long as the operator possesses a valid driver's license of any category listed in Section 286-102, Hawaii Revised Statutes. The Honolulu Police Department testified that operating a moped requires special skills that are different from those involved in driving a car or truck. Further, moped operators should be familiar with the laws relating to two-wheeled motor vehicles and their handling characteristics. Your Committee finds that requiring a moped operator to have a motorcycle or motor scooter drivers' license will insure that moped drivers are qualified to operate two-wheeled vehicles.

Your Committee, upon the recommendation of the Department of Transportation, has amended the bill by deleting the requirement relating to the publishing of the different states' drivers' license categories, since this information is available in the reference, "U.S. Identification Manual", Drivers License Guide Company.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 540, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 540, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2229 Transportation on S.B. No. 2169

The purpose of this bill is to provide additional funds for the highway beautification and disposal of abandoned vehicles revolving funds of the counties.

Under Section 290-7, Hawaii Revised Statutes, all the proceeds from the sale of vehicles is deposited into the general funds of the counties. This bill directs the proceeds from the sale of abandoned vehicles to be deposited into the highway beautification and disposal of abandoned vehicles revolving fund of the respective counties rather than into the respective general funds.

The Department of Finance of the City and County of Honolulu testified that it has no objections to this bill, since the revenues from the sale of these vehicles are minimal.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2169 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. 2230 Transportation on S.B. No. 1223

The purpose of this bill is to authorize the issuance of special license plates to residents of Hawaii who have been prisoners of war, been awarded the Medal of Honor, or are survivors of the attack on Pearl Harbor who have chosen to join a private entity called the Pearl Harbor Survivors Association.

These license plates would honor former prisoners of war, members of the Pearl Harbor Survivors Association, or Medal of Honor Recipients 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.

The bill provides that the special number plates be labeled with one of the following designations:

- (1) "EX-POW"
- (2) "Pearl Harbor Survivor"
- (3) "Medal of Honor",

and that the plates conform to the requirements for the uniform number plates as provided in Section 249-9, Hawaii Revised Statutes, except that the requirement that the numerals be not less than three inches in height and the strokes thereof not less than three-eighths in width shall not apply.

Your Committee finds that this category of specialty license plates affords the State of Hawaii the opportunity to recognize those people who have bravely served the United States as a member of the Armed Services.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 1223, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2231 Transportation on S.B. No. 2644

The purpose of this bill is to provide the Counties with the authority to control the parking of motor vehicles on sidewalks within the County's boundaries.

This bill gives the Counties the authority to permit the parking of motor vehicles on sidewalks in certain geographical areas or on certain highways; allows the Counties to set conditions and time periods under which motor vehicles would be allowed to park on the sidewalks; and allows the Counties to adopt rules to control use of sidewalk areas to ensure pedestrian safety.

Your Committee received testimony and signed petitions from concerned citizens stating that in certain areas of the State, residents have parked their motor vehicles on and off curbs and on the unimproved sidewalk areas for additional parking spaces, to avoid congesting the main roadways. In some areas, however, "no parking" signs were installed due to complaints in the neighborhood. These citizens believe that some allowances should be made to assist in the parking situation.

Your Committee also received testimony from the Honolulu Police Department in support of this bill.

Your Committee concurs with the concerned citizens that certain allowances should be made to address the parking situation of the State, and believes that this bill would address these concerns.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2644 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. 2232 Transportation on S.B. No. 2842

The purpose of this bill is to increase the fine for violation of the mandatory seat belt use law from \$15 to \$50.

The Department of Transportation (DOT) testified that immediately after the mandatory seat belt use law took effect, statewide use was 72.6 percent. It has since dropped to 64 percent. The DOT believes that an increase in the fine for violation of the mandatory seat belt use law will increase seat belt usage and promote traffic safety.

Your Committee agrees with the intent of this bill, but has learned that increasing the fine by over \$25 could jeopardize the implementation of the federal requirement for the installation of air bags in new automobiles scheduled to go into

effect in 1990. Your Committee believes that the air bag requirement is also necessary to promote traffic safety nationwide. Therefore, your Committee has amended the bill to reflect the aforementioned concern and has increased the fine from \$15 to \$20.

Your Committee has also amended the bill by adding a saving provision and by making a spelling correction which has no substantive effect.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2842, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2842, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2233 Transportation on S.B. No. 2850

The purpose of this bill is to assign all Periodic Motor Vehicle Inspection (PMVI) responsibilities to the Director of Transportation.

The Department of Transportation (DOT) testified that at the end of the last legislative session, a task force was formed consisting of representatives from the State and county governments, inspection station operators and private citizens, to evaluate the PMVI program. The consensus of the task force, after reviewing the present PMVI law and program, was to continue the program. One of the recommendations of the task force was to place the program entirely under the control of the State government.

This administration bill places the responsibilities of the PMVI program with the DOT, directs the Director of Transportation to set the amount of the inspection fee which PMVI stations can charge vehicle owners, allows the DOT to contract with the counties for administrative and enforcement services, and includes motorcycles and trailers weighing 10,000 pounds or less in gross vehicle weight rating in the PMVI program.

The DOT further testified that the effective date of July 1, 1989 will provide the DOT time to adopt rules, set the fees and put the program into operation. Your Committee also made numerous nonsubstantive changes to correct typographical errors and conform the bill to recommended drafting format.

Your Committee, upon the recommendation of the DOT, has amended the bill by deleting mopeds as one of the vehicles requiring inspection, since moped inspection is already covered by Section 291C-202(c), Hawaii Revised Statutes.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2850, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2850, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2234 Transportation on S.B. No. 2852

The purpose of this bill is to allow the use of fees generated from boating to be used for the construction of boating facilities.

Under the present law, the amortization of the costs of constructing general navigation channels, breakwaters, aids to navigation and other harbor protective structures are from the general fund. This bill will allow the use of revenues collected from the boating program, in addition to general revenue appropriations, to pay for construction of navigation channels, breakwaters, and other harbor protective structures which may be needed for the construction of boating facilities.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 2852 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. 2235 Transportation on S.B. No. 3073

The purpose of this bill is to require the Department of Transportation (DOT) to submit annual written reports to the Legislature.

This bill amends Section 26-19, Hawaii Revised Statutes (HRS), by adding a new subsection requiring the DOT to submit annual written reports within twenty days of the convening of each regular session. These reports are to include information on (1) land dispositions made by the DOT within the preceding year; (2) assessments of fines and other penalties collected in the enforcement of the laws and rules under its jurisdiction; and (3) any changes in the amount of fees, permit costs, rents and other charges assessed by the department.

Your Committee finds that the annual reports would provide the Legislature with information necessary to make responsible decisions.

Your Committee, upon consideration, finds that this issue can be best addressed by establishing a new section in the HRS to attain the same results. Therefore, your Committee has amended the bill by establishing a new section in Chapter

261, HRS, to include substance similar to the original bill, except that the written report must be submitted within ten days of the convening of each regular session.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 3073, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3073, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2236 (Majority) Transportation on S.B. No. 3345

The purpose of this bill is to authorize the Department of Transportation (DOT) to enforce laws relating to commercial water activities.

This bill establishes a new section in Chapter 267, Hawaii Revised Statutes (HRS), to authorize the DOT to adopt rules which limit or prohibit any person who, from a beach, in the course of any commercial activity involving a vessel or seaplane, parks, loads, unloads, or initiates any such commercial activity.

Your Committee finds that enforcement of commercial water activities would ensure a safer atmosphere for both commercial and recreational use.

Your Committee, upon consideration, finds that this issue can best be addressed by amending an existing statute. Therefore, your Committee has amended Section 266-3(c)(4)(A) to include similar language.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 3345, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3345, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.
Senator Chang did not concur.

SCRep. 2237 Transportation on S.B. No. 3077

The purpose of this bill is to require the Department of Transportation (DOT) to establish a permit system for the operation of ground transportation services at State airports.

Under Section 102-2(b), Hawaii Revised Statutes (HRS), the operation of a concession or concession space for ground transportation services at State airports is exempt from the bidding requirements of Section 102-2(a), HRS, therefore, subject to rules administered by the DOT. However, Section 102-1, HRS, defines a concession as "the grant to a person of the privilege to conduct operations which are essentially retail in nature...in or on buildings under the jurisdiction of any government agency." This bill establishes a new section in Chapter 102, HRS, which would allow anyone to apply for a permit to operate ground transportation services at State airports.

Your Committee finds that the changes made by this bill will expand the opportunities for other ground transportation services to operate at State airports, and concurs with the intent of this bill.

Your Committee on Transportation is in accord with the intent and purpose of S.B. No. 3077 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. 2238 Corrections on S.B. No. 2807

The purpose of this bill is to exempt correctional industries from public bidding requirements while still maintaining accountability.

Part II of chapter 103, Hawaii Revised Statutes, sets forth particular exemptions from public bidding requirements for public works and contracts. This bill exempts from public bidding requirements the purchases of equipment, materials, supplies, and services by the correctional industries of the Department of Corrections for the manufacture of any goods or services.

Your Committee received supporting testimony from the Department of Corrections and finds that because the correctional industries must adhere to the public bidding process, unnecessary delays cause orders to be lost and revenues to be reduced. Often times, quotes on supplies are for a limited time and the long delays in satisfying the public bidding requirements invalidate the earlier less costly quoted price. Costs of completing work orders increase and deadlines are not met. Therefore, the addition of this new section will enable the correctional industries to become more viable, profitable, and competitive with private enterprise by giving it the flexibility to purchase supplies, equipment, or services in a timely manner. However, your Committee is concerned with quality control and accountability and, therefore, has amended the bill to include requirements for obtaining price quotations and for providing a record of vendor selection for auditing purposes.

Your Committee on Corrections is in accord with the intent and purpose of S.B. No. 2807, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2807, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2239 Ways and Means on S.B. No. 2185

The purpose of this bill is to amend section 84-35, Hawaii Revised Statutes, to allow the State Ethics Commission to determine its director's salary.

By deleting reference to the director's salary, the Commission will be able to fix the compensation of its director and all staff members within the amounts made available in its yearly budget.

The Chairperson of the State Ethics Commission testified that eighteen of twenty-three executive directors on state boards do not have salaries fixed by statute. Your Committee finds that the fixing of the salary of the Executive Director of the State Ethics Commission by statute represents an anomalous situation and should be changed to conform with the method of setting salaries of directors on other state boards.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2185, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2240 Ways and Means on S.B. No. 2047

The purpose of this bill is to amend the liquor taxation law so that distilled spirit, malt, and wine coolers are taxed at the same rate that their primary alcoholic ingredient is taxed at, rather than at a separate cooler beverage rate.

The department of taxation testified in favor of the bill, agreeing with the classification of cooler beverages according to their basic alcoholic component. The department also approved the deletion of special liquor tax category for cooler beverages. Other testimony in favor of this bill came from the legislative liaison for Anheiser-Busch Companies, Inc., and Miller Brewery.

Your Committee amended the bill to clarify the proposed changes by deleting the changes to the definition of cooler beverage and instead inserting references to the three types of cooler beverages in the definitions of their primary alcoholic components. Your Committee also streamlined the section which sets forth the actual tax rates by removing specific references to coolers, as they are now subsumed under their primary alcoholic components.

Your Committee also changed the effective date of the bill from the date of approval to July 1, 1988, in order to provide greater certainty as to the date of the change.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2047, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2047, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2241 Ways and Means on S.B. No. 2309

The purpose of this bill is to authorize the counties to provide life-saving services at state beaches where it believes the number of swimmers warrants a lifeguard and water hazards present a threat to public safety, provided that a county and the department of land and natural resources agree that lifeguard services are necessary for a particular beach.

The bill also appropriates \$371,000 for reimbursing the counties for lifeguard services rendered at state beaches as provided in the bill. Your Committee understands that the counties have sole responsibility for providing lifeguard services at all beaches. Thus, your Committee finds that it is appropriate for the State to reimburse the counties for providing essential and valuable lifeguard services at state beaches.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2309, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2242 Ways and Means on S.B. No. 1471

The purpose of this bill is to establish a commission to plan and select works of art for a memorial to the veterans of the Korean and Vietnam conflicts, as well as for the memorial site, and to appropriate funds for the purposes of the bill.

Your Committee received supporting testimony from the Director of the Hawaii Vietnam Vet Center, the acting Chairman of the Vietnam Veterans Leadership Program, members of the Vietnam Veterans Wall Committee, and other Vietnam veterans and finds that to date, over forty states are constructing or have dedicated a Vietnam memorial to their Vietnam veterans, and additionally, hundreds of communities around the nation have dedicated Vietnam memorials.

Your Committee further finds that the war's effect on Hawaii was severe, Hawaii ranking seventh in the number of dead and missing in the nation. A Vietnam memorial would honor those who died, those who were left behind with their loss, and also help to satisfy the psychological need that exists in the community as a result of the war.

Your Committee has amended the bill to refer to the 1988-1989 fiscal year, and to change the effective date to July 1, 1988, to coincide with the State's fiscal year.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 1471, as amended herein, and recommends that it pass Second Reading and be placed on the calendar for Third Reading in the form attached hereto as S.B. No. 1471, S.D. 1.

Signed by all members of the Committee.

SCRep. 2243 Judiciary on S.B. No. 2329

The purpose of this bill is to amend Section 712-1210, of the Hawaii Revised Statutes, by adding new definitions of what materials or performances are pornographic, based on recent case authority.

Your Committee finds that in the case of *State vs. Kam*, No. 11861 (decided January 8, 1988) the Hawaii Supreme Court ruled that the right of privacy accorded by Article I, Section 6, of the Hawaii State Constitution, restricts the ability of the government to prohibit the sale of sexually explicit adult material for viewing by purchasers in the privacy of their homes in the absence of a compelling state interest.

Based on the Hawaii Supreme Court's review of the 1978 Constitutional Convention's Committee reports on the privacy provision, the court stated, "Based on the clear and unambiguous reports, 'a compelling state interest' must exist before the government may intrude into those certain highly personal and intimate affairs of [a person's] life."

Your Committee acknowledges that the public is entitled to enjoy a constitutionally protected right of privacy, certain forms of sexually explicit pornographic material involve conduct and activities which society and the public order cannot condone; even where such material is to be viewed solely in the privacy of an individual's home. This is because such material documents activities which themselves are prohibited by law. To allow the commercial exploitation of such pornographic material promotes disrespect for the law and undermines the public order. Consequently, your Committee finds that there is a compelling state interest in prohibiting the promotion of certain forms of pornography to the extent that even the sale of such material for viewing in the privacy of an individual's home should be prohibited.

Specifically, your Committee finds pornographic material which sexually exploit minors, "snuff films", which depict scenes of actual homicide as an act of sexual stimulation or gratification; and material which depict the actual infliction of serious bodily injury through torture, bondage or disfigurement, as an act of sexual stimulation or gratification go beyond any individual's right to view such material in the privacy of his or her home. Such pornographic material victimizes the persons who are the subject of the pornographic medium. The dissemination of such pornography for monetary consideration encourages the production of such material and the acts which form the basis for such pornography. The public has a compelling interest in ensuring that such acts are not commercially exploited.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2329, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2329, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2244 Ways and Means on S.B. No. 2532

The purpose of this bill is to establish a "Bill of Rights" for victims and witnesses in criminal proceedings.

Your Committee held a public hearing on this bill and received testimony from Mothers Against Drunk Driving and on behalf of the state attorney general and prosecutors and police chiefs of the city and county of Honolulu and the counties of Kauai, Maui, and Hawaii.

Your Committee finds that in view of the importance of citizen cooperation to law enforcement efforts and to the general public welfare and safety, all victims and witnesses of crimes are entitled to certain rights and should be treated with dignity, respect, and sensitivity.

Your Committee has amended this bill as follows:

- (1) Added language to section -1 to clarify that it is the legislature's intent not to create new functions on the part of the judiciary and state and county law enforcement agencies, but merely to consolidate perceived existing functions with respect to the rights of victims and witnesses into a single chapter;
- (2) Added the department of corrections and the court to those parties responsible for informing victims and witnesses of the final disposition of a criminal case;
- (3) Substituted the words "in a timely and expedient manner" for the words "within ten days of being taken" in section -4(6) at line 20;
- (4) Added the words "in conjunction with the department of corrections" to section -5 at line 3;
- (5) By providing that state or county officers shall not be liable in any civil action for failure to carry out their responsibilities under this bill unless the failure is intentionally or wilfully negligent; and
- (6) Made technical, nonsubstantive changes for purpose of style, clarity, and consistency.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2532, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2532, S.D. 2.

Signed by all members of the Committee.

SCRep. 2245 Ways and Means on S.B. No. 2604

The purpose of this bill is to establish the Hawaii Young Scholars Program and provide for its funding.

As an insular state with both Eastern and Western Hemisphere orientations, Hawaii is uniquely positioned to offer its students opportunities to expand their learning experiences through world travel.

Your Committee received supporting testimony from the Department of Education and finds that first-hand experience and study in foreign countries can provide to students many educational and cultural benefits and the motivation to strive for academic excellence. Furthermore, the Hawaii Young Scholars Program will not only recognize its outstanding students in a tangible way, but will also broaden the perspective of all state residents to the growing international role that Hawaii can play.

Your Committee has amended the bill by:

- (1) Restricting study under the "Hawaii International Scholars" component of the Young Scholars Program to a foreign country, thus deleting grants for study in a state other than Hawaii.
- (2) Providing for an international scholar's selection board which shall select one international scholar from each departmental school district;
- (3) Providing that the Department of Budget and Finance shall establish rules for awarding the grants;
- (4) Amending the effective date to July 1, 1988 to correspond to the State's fiscal year; and
- (5) Making technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2604, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2604, S.D. 2.

Signed by all members of the Committee.

SCRep. 2246 Ways and Means on S.B. No. 2726

The purpose of this bill is to:

- (1) Allow the sale and leaseback by a county of a solid waste processing, disposal, and electricity generating facility;
- (2) Allow a solid waste processing and disposal facility to be financed by general obligation bonds;
- (3) Provide for the sale and remarketing of the bonds and the conditions under which they may be sold and remarketed;
- (4) Authorize a county to sell a solid waste processing and disposal facility provided certain conditions are met;
- (5) Allow the county to lease or enter into an operating agreement or other agreement with the purchaser, or lessee from the purchaser, of a solid waste processing and disposal facility; and
- (6) Exempt the sale of a solid waste processing and disposal and energy generating facility and income generated from its operation from all taxation by the State and regulation by the state public utilities commission.

Your Committee has amended the bill by deleting provisions allowing or making reference to tax and public utilities regulation exemptions, and by making technical and grammatical nonsubstantive changes to the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2726, S.D. 1, amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2726, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2247 Ways and Means on S.B. No. 2882

The purpose of this bill, as received, was to establish a comprehensive statewide program for recycling.

Your Committee has amended this bill to instead appropriate \$50,000 for the legislative auditor to conduct a feasibility study on Hawaii's waste streams, including the availability of state, national, and foreign markets for recycled materials; other states' recycling programs; and an assessment of the viability of a recycling program in Hawaii.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2882, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2882, S.D. 2.

Signed by all members of the Committee.

SCRep. 2248 Ways and Means on S.B. No. 2778

The purpose of this bill is to strengthen and clarify the laws relating to dental insurance by requiring all dental service organizations offering prepaid dental insurance to register with the department of commerce and consumer affairs and providing the department with enforcement authority to act on problems that may arise.

Your Committee finds that in previous sessions, the legislature has been faced with a variety of conflicting proposals to regulate the dental insurance area. In an effort to reach a conclusion to this long-running debate, the department of commerce and consumer affairs agreed to undertake a review of the subject and recommend draft legislation. This bill embodies the recommendations of the department.

Your Committee has amended the bill by deleting section 2 of the bill which would have repealed chapter 423, Hawaii Revised Statutes.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2778, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2778, S.D. 2.

Signed by all members of the Committee.

SCRep. 2249 Ways and Means on S.B. No. 2884

The purpose of this bill is to establish a Tourism Training Council to monitor and coordinate government and industry activities and programs designed to develop and improve the quality of the visitor industry workforce and to encourage opportunities for upgrading and career development for present and future visitor industry employees.

The bill includes an appropriation to be expended by the Department of Labor and Industrial Relations.

Your Committee finds that Hawaii's visitor industry must maintain an available supply of quality workers to effectively compete with other sunshine visitor destinations. This bill will provide a stable coordinating body to implement the State's long-range policies and objectives relating to the visitor industry.

Your Committee has amended the bill to provide for the appropriation to take effect on July 1, 1988, and to make a technical, nonsubstantive change.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2884, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2884, S.D. 1.

Signed by all members of the Committee.

SCRep. 2250 Ways and Means on S.B. No. 2979

The purpose of this bill is to appropriate funds to establish nonsecure shelter facilities for youths who are status offenders or victims of abuse or neglect.

Your Committee finds that the existing detention facility, Hale Ho'omalua, is inadequate to provide appropriate shelter to meet the needs of status offenders, victims of abuse and neglect, and law violators. Because of the detrimental effects that can occur through the mixing of the "hard core" with the less sophisticated youths, it is critical that separate shelters be established for the status offenders and victims of abuse and neglect. This bill would enable the family court of the first circuit to provide nonsecure shelter facilities for status offenders, victims of abuse or neglect, and certain law violators.

As recommended by the department of human services, your Committee has amended the bill to provide a separate appropriation to enable the department of human services instead of the family court to establish emergency shelters for abused and neglected children since such children come under the jurisdiction of the department of human services rather than the family court. Your Committee has also amended the purpose section in the bill to reflect the department of human services' responsibility in this area.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2979, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2979, S.D. 2.

Signed by all members of the Committee.

SCRep. 2251 Ways and Means on S.B. No. 3018

The purpose of this bill is to establish a classification/compensation appeals board for educational officers within the department of education and to provide additional benefits to educational officers who are given special assignments which increase their responsibilities.

The bill provides that the classification/compensation appeals board shall be comprised of three members to include two members, one each appointed by the board of education and the exclusive bargaining unit representing educational

officers, and the third member appointed by the other two appointed members. The bill also provides for the powers, functions, and duties of the classification/compensation appeals board, as well as procedures and effective dates for adjustments to the classification/compensation plan. Further, the bill sets the compensation for the appeals board members at \$50 per day in connection with authorized activities, and appropriates \$5,000 for the funding of the appeals board.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3018, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2252 Ways and Means on S.B. No. 3030

The purpose of this bill is to merge the pension accumulation fund and the post-retirement fund.

Currently, the pension accumulation fund and the post-retirement fund are separate. A merger of these funds will allow the Employees' Retirement System to eliminate the dual accounting system presently being used and thereby improve efficiency. Further, a merger of these funds will correct the inequity that exists in that interest from earnings derived from use of employees' contributions to the post-retirement fund is not credited to the employees.

Your Committee has amended page 2, line 9 of the bill to change the year from 1987 to 1988, and made a technical, nonsubstantive change.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3030, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3030, S.D. 2.

Signed by all members of the Committee.

SCRep. 2253 Ways and Means on S.B. No. 3042

The purpose of this bill is to appropriate funds for a shrimp aquaculture demonstration project at appropriate sites in Hawaii, in conjunction with the United States Department of Agriculture marine shrimp project.

The principal objective of the proposed project is to demonstrate the economic viability of diversifying Hawaii's sugar industry by utilizing some of the substantial equipment, water, land, and labor resources devoted to sugar production for commercial aquaculture.

Testimony was received from the Department of Land and Natural Resources and the Oceanic Institute, and the Hawaiian Sugar Planters' Association in support of the intent of this bill.

Your Committee has amended this bill by inserting an appropriation in the amount of \$250,000, and having the Governor's Agriculture Coordinating Committee as the expending agency, rather than the Department of Land and Natural Resources.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3042, as amended herein, and recommends that it pass Third Reading in the form attached as S.B. No. 3042, S.D. 1.

Signed by all members of the Committee.

SCRep. 2254 Ways and Means on S.B. No. 3043

The purpose of this bill is to provide funds for and to offset costs for research performed by the sugar industry.

The bill, as received, appropriates \$2,000,000 for sugar research and development in fiscal year 1988-1989, provided that the Hawaiian Sugar Planters' Association (HSPA) matches the appropriation dollar for dollar. The bill also appropriates \$500,000 to the College of Tropical Agriculture and Human Resources (CTAHR) in fiscal year 1988-1989 for research and development of alternative crops and of sugarcane, including its byproducts and use of its wastewaters.

Your Committee received testimony supporting the intent of the bill from the Department of Agriculture, the College of Tropical Agriculture and Human Resources (CTAHR), the Governor's Agriculture Coordinating Committee, and the Hawaiian Sugar Planters' Association (HSPA). The sugar industry is the largest agriculture industry in Hawaii and has experienced financial difficulty in recent years primarily due to unfavorable national and international sugar politics and policies. The adverse effects of losing the sugar industry would be catastrophic to the State. The Hawaiian sugar industry is the world's most productive, in terms of sugar yield per acre and sugar yield per employee. The future of Hawaii's sugar industry is dependent on continuing sugar research, which has brought the industry to its present level of efficiency.

Your Committee finds that it is in the public interest to provide research funds to the sugar industry and thereby offset some of the costs to the industry.

Your Committee has amended the bill by increasing the amount appropriated for sugar research subject to matching funds by the Hawaiian Sugar Planters' Association from \$2,000,000 to \$3,000,000, and by deleting the \$500,000 appropriation to the College of Tropical Agriculture and Human Resources.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 3043 and recommends that it pass Third Reading in the form attached hereto as S.B. No. 3043, S.D. 1.

Signed by all members of the Committee.

SCRep. 2255 (Joint) Consumer Protection and Commerce and Health on S.B. No. 2405

The purpose of this bill is to add new sections to Parts I and II of Article 10A of Chapter 431 and a new section to Article I of Chapter 432 of Act 347, Session Laws of Hawaii 1987, providing for health insurance coverage for child health supervision services.

Part I of Article 10A of Chapter 431 of Act 347 provides for individual accident and sickness policies. Part II of Article 10A of Chapter 431 of Act 347 provides for group and blanket disability insurance. Article I of Chapter 432 of Act 347, Session Laws of Hawaii 1987, relates to mutual benefit societies.

This bill mandates that the respective insurance policies and contracts shall offer coverage for child health supervision services from the moment of birth through age five years. This bill clarifies the types of and schedules for child health supervision services, as well as limitations, applications, and definitions.

Your Committees received supporting testimony from the Department of Health, the Office of Children and Youth, the Hawaii Medical Association, the National Association of Social Workers, and Hawaii Healthy Mothers, Healthy Babies and find that prevention-focused health supervision services should be included in insurance policies which provide coverage of children of the insured.

Your Committees have amended the bill by mandating that the respective insurance policies and contracts shall provide, not just offer, coverage for child health supervision services. The bill has been further amended to make technical changes which have no substantive effect.

Your Committees on Consumer Protection and Commerce and Health are in accord with the intent and purpose of S.B. No. 2405, as amended herein, and recommend that it pass Second Reading in the form attached hereto as S.B. No. 2405, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Senator George.

SCRep. 2256 Health on S.B. No. 3206

The purpose of this bill is to enhance the ability of the Department of Health to provide programs and services which promote the health of women of childbearing age, mothers, infants, children, youths, and adolescents.

The bill would add a new part to Chapter 321, Hawaii Revised Statutes ("Department of health") enabling the Department to deliver and improve services to the target population by receiving and expending funds from all sources and entering into agreements with the federal government, other states and political subdivisions, and establish standards and review procedures to assure that money provided by the State will be well spent. The Director shall adopt rules to carry out such purposes, including criteria for eligibility for services.

Your Committee received supporting testimony from the Director of Health and several other organizations and finds that this bill will help to provide for the health and well-being of Hawaii's women and mothers which will help to insure that Hawaii's babies grow up to be healthy adults.

Your Committee has amended this bill by:

- (1) Adding a Purpose section to the new part;
- (2) Including families and fetuses in the group targeted for services;
- (3) Adding prenatal education, including individual risk reduction for both the mother and the fetus, to the list of services that may be provided under the part;
- (4) Adding a definition of "preventive health care services"; and
- (5) Making nonsubstantive technical and language changes for the purposes of clarity and style and conformance with recommended drafting techniques.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3206, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3206, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2257 Health on S.B. No. 3207

The purpose of this bill is to authorize the Department of Health to adopt rules to ensure that all pregnant women in Hawaii are offered appropriate information, quality testing, diagnostic services, and follow-up services concerning neural tube defects and other disorders amenable to prenatal diagnosis.

Your Committee received supporting testimony from the Director of Health, Hawaii Nurses' Association, the March of Dimes, Hawaii Public Health Association, and Hawaii Healthy Mothers, Healthy Babies, and finds that it is appropriate for the Department to assume a leadership position developing a state-coordinated program for prenatal health care.

Your Committee has amended the bill as follows:

- (1) Clarified that the purpose of prenatal screening and diagnosis is to obtain vital information for the pregnant woman and her family as well as for her health care providers, and that such services are appropriate to assist the woman and her family achieve optimal health outcomes;
- (2) Transposed the positions of paragraphs (1) and (6) of subsection (b);
- (3) Provided that prenatal screening and diagnosis may be furnished to any pregnant woman who so chooses;
- (4) Provided that the Department may collect appropriate statistical data for the purposes of research and evaluation; and
- (5) Made nonsubstantial technical and language changes for the purposes of clarity and style.

Your Committee on Health is in accord with the intent and purpose of S.B. No. 3207, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3207, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2258 (Majority) Judiciary on S.B. No. 2522

The purpose of this bill is to eliminate the need for the duplicate owner's Certificate of Title.

Your Committee has received favorable testimony from the Escrow Association of Hawaii, The Hawaii Land Title Association, Hawaii State Bar Association, The Department of Land and Natural Resources, and real property attorneys. Only the Judiciary voiced opposition to S.B. No. 2522.

S.B. No. 2522 will amend Chapter 501 of the Hawaii Revised Statutes, Land Court Registration, by repealing language related to the Owner's Duplicate Certificate of Title. Your Committee finds that the Owner's Duplicate Certificate of Title is a product of the Land Court System when it was first established. During that time there were no condominiums, no time shares, no leasehold estates, nor mainland lending.

The Land Court System was designed so that the state of title could be readily determined at any time. In other words, the system provides for title registration and continuous registration as the title is encumbered or changes hands.

Your Committee finds that the Owner's Duplicate of Certificate Title should be removed from the statutes because:

- a) The Owner's Duplicate Certificate of Title is an obsolete document in the light of modern computerized records. It is unnecessary and complicates and slows down recording. It requires double work by the Assistant Registrar in that two documents must be prepared instead of just one. The Owner's Duplicate is often lost, and must be replaced by a petition to the Land Court and Order. This wastes the time of the Land Court in the Bureau of Conveyances, often uselessly because the substitute certificate is then immediately cancelled.
- b) Having an Owner's Duplicate also may mislead an innocent party. When one is lost and then replaced pursuant to a Petition to the Land Court, there are actually two Duplicate Certificates outstanding. The one originally lost may surface later. In the meantime the replacement may have been used in connection with a conveyance of the property, but the original would not show this conveyance. Someone might rely on the original Owner's Duplicate which is now obsolete.
- c) Under the present system, the Owner's Duplicate may not show the true title situation. Certain attachments and other liens can be filed per Section 501-136, and noted on the original Certificate of Title in the Bureau, and these will be valid and encumber the title, but would not show on the Owner's Duplicate. This creates the possibility of fraud on the public relying on the Owner's Duplicate.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2522 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.
Senator McMurdo did not concur.

SCRep. 2259 Judiciary on S.B. No. 2702

The purpose of this bill is to allow for the award of attorney fees to a prevailing party in actions affecting the public interest.

After considering the testimony presented at a public hearing on this bill, your Committee finds that awards of attorney fee in cases affecting public interest will encourage such suits so that the general good of the populace of Hawaii will be enhanced.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2702 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. 2260 Judiciary on S.B. No. 2451

The purpose of this bill is to enable the State and all counties to have a clear right of reimbursement for all accidental injury leave benefits (hereinafter "AIL"), paid to or on behalf of its employees as a result of injuries caused by the negligent actions of third parties. Further, this bill would create a lien in favor of the State or county on any settlement or judgement obtained by any such injured employee from the submission of a personal injury claim.

Your Committee has amended the bill substantially, keeping its original intent and purpose and delineating further rights, responsibilities, and procedures, including rights to attorney's fees, when pursuing reimbursement of AIL benefits.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2451, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2451, S.D. 2.

Signed by all members of the Committee except Senator George.

SCRep. 2261 Judiciary on S.B. No. 2259

The purpose of this bill is to amend the law relating to immunity from third party liability under the worker's compensation law, by providing immunity from liability for construction design professionals under certain circumstances.

Your Committee has amended the bill to provide that no construction design professional or employee of the construction design professional shall be liable for any injury on the construction project resulting from an employer's failure to comply with safety standards on the construction project, unless the design professional specifically assumes the responsibility for the compliance of safety standards by contract or other conduct. The bill as amended is intended to eliminate the liability of on-site construction design professionals' certain circumstances.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2259, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2259, S.D. 2.

Signed by all members of the Committee except Senator George.

SCRep. 2262 Judiciary on S.B. No. 2332

The purpose of this bill is to provide procedures to assist an adopted child with obtaining medical information from his/her natural parents.

Your Committee finds that this bill will provide the medical information that a child needs to know of his/her hereditary conditions. Based on testimony received from the Judiciary, the bill is amended to provide that the Department of Health be the custodian of such medical information since current statute provides for storage of sealed documents pertaining to adoption by the Department of Health.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2332, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2332, S.D. 1.

Signed by all members of the Committee except Senator George.

SCRep. 2263 Judiciary on S.B. No. 2924

The purpose of this bill is to protect the health and safety of the public by increasing the deterrence to driving a motor vehicle negligently.

Your Committee received favorable testimony on this bill.

Your Committee finds that those who drive in a negligent manner put the health and safety of the public at risk. The number of deaths and serious injuries from motor vehicle accidents appears to be on the increase. Despite increased enforcement of and penalties for driving under the influence, a number of motor vehicle accidents are alcohol or drug related. Your Committee finds that stronger measures are needed to protect the public and to deter those who would negligently get behind the wheel of a vehicle or would operate a vehicle in a negligent manner.

Your Committee has amended this bill to provide for three degrees of negligent homicide in the penal code, as follows:

- (1) Negligent homicide in the first degree is a class B felony and is committed when one causes the death of another by operating a vehicle in a negligent manner while under the influence of drugs or alcohol.
- (2) The current law with respect to negligent homicide in the first degree is amended to constitute negligent homicide in the second degree; and
- (3) The current law with respect to negligent homicide in the second degree is amended to constitute negligent homicide in the third degree.

Your Committee also made technical, nonsubstantive changes to this bill for purposes of style and clarity.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2924, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2924, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2264 Judiciary on S.B. No. 2021

The purpose of this bill is to propose an amendment to Article XI of the Hawaii Constitution to add a new section relating to Hawaii's sovereign rights in its exclusive economic zone.

Your Committee heard favorable testimony by the Office of State Planning (OSP) supporting the intent of this bill, which proposes to amend the Constitution of the State of Hawaii to reflect Hawaii's rights to manage resources in its Exclusive Economic Zone (EEZ). Such amendments would contribute greatly in asserting the legal and moral legitimacy of Hawaii's rights and responsibilities to manage its EEZ resources in cooperation with the Federal government.

Amended language was proposed by OSP eliminating the use of the words "sovereign" and "sovereignty." This is based on the fact that while the 1982 Law of the Sea Treaty did convey sovereign rights to nation states in managing EEZ resources, the United States was not a signatory to the Treaty. Although President Reagan did proclaim the sovereign rights and jurisdiction of the United States within the U.S. EEZ, his Presidential Proclamation of 1983 did not extend such a claim regarding EEZ sovereignty to the several coastal states. Your Committee believes that asserting and reserving rights and interests in the Hawaii EEZ may better serve the purpose of the proposed amendment by avoiding the necessity or probability of having to legally substantiate State claims regarding unlimited EEZ rights or sovereignty at some future time.

Further, the second suggested change eliminates the last clause in the proposed amendment which deals with the production of energy. Any such energy generated by EEZ currents and water would seem to be allowed by implication under the preceding clause.

Your Committee, therefore concludes that this legislation is timely and appropriate and will be an important step in securing Hawaii's rights in the Hawaiian Exclusive Economic Zone.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2021, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2021, S.D. 2.

Signed by all members of the Committee except Senator George.

SCRep. 2265 Consumer Protection and Commerce on S.B. No. 2505

The purpose of this bill is to create a new chapter in the Hawaii Revised Statutes to regulate dealers of used motor vehicles.

This bill will allow the purchaser of a used motor vehicle to request that the vehicle be inspected by a licensed mechanic and require the seller to provide a written disclosure of every defect. If the licensed mechanic is employed by the seller, the seller would automatically be liable to repair any defects reported by the purchaser within six months of purchase, provided that the defect was not disclosed or should have been discovered pursuant to a reasonable inspection.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs, adopted its recommendations, and amended the bill as follows:

- (1) Narrowed the definition of "defect" to include only those defects that affect the mechanical operation or safety of the vehicle;
- (2) Clarified the definition of "seller" so that transactions between dealers are not included;
- (3) Narrowed the definition of "used motor vehicle" to include those with a sales price that exceeds \$5,000;
- (4) Clarified that any licensed motor vehicle mechanic may inspect the vehicle;
- (5) Provided that written disclosure of defects shall be part of the sales contract or be attached to the sales contract and shall be printed in a conspicuous manner, and added the definition of "conspicuous" in the section of definitions;
- (6) Provided that the parties shall agree upon the scope of the inspection and that the parties may agree to waive the inspection;
- (7) Deleted the additional \$1,000 liability of the seller if the purchaser prevails in a court action; and
- (8) Changed the effective date to December 1, 1988.

Your Committee finds that there has been a growing number of incidents involving frauds, impositions, and other abuses against consumers of used motor vehicles. Your Committee finds further that this bill is in the public interest and is an important initiative to prevent those types of incidents.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2505, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2505, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2266 (Majority) Consumer Protection and Commerce on S.B. No. 2783

The purpose of this bill is to allow captive insurance companies to sell credit life insurance and credit disability insurance for their parent organizations.

Under the present law, Section 431J-2, Hawaii Revised Statutes, and Section 431:19-102(g), Act 347, Session Laws of Hawaii 1987, do not allow captive insurance companies to do that kind of business.

Your Committee received testimony from the Department of Commerce and Consumer Affairs and finds that this bill will help to stimulate the newly authorized captive insurance industry in Hawaii without having a negative impact on the domestic insurance industry. Since a captive insurance company would be restricted to providing credit insurance to its parent, it would not be in competition with conventional insurers offering credit life and disability insurance.

Your Committee has 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. 2783, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2783, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Fernandes Salling.
Senator Ikeda did not concur.

SCRep. 2267 Judiciary on S.B. No. 3295

The purpose of this bill is to revise the distinctions between sexual assault in the first and second degrees, redefine the terms "compulsion" and "strong compulsion", and remove the gender distinctions from the definitions of "mentally defective" and "mentally incapacitated".

As the law stands currently, sexual assault in the first degree occurs when the defendant subjects a person under the age of fourteen to sexual penetration (also known as the "statutory rape" law), or if the assault occurs by means of strong compulsion, which is defined as use or attempted use of physical force, a dangerous instrument, or a threat of bodily injury or kidnapping directed toward the victim or another person. The bill has amended these provisions so that:

- (1) Strong compulsion now means the actual use of force creating a risk of serious bodily injury, or threat of serious bodily injury or death to the victim or of another person, or use of a dangerous instrument; and
- (2) Statutory rape is reclassified from a class A to a class B felony.

The bill has also changed the definition of "compulsion", which now means absence of consent or a threat of public humiliation, property damage, or financial loss. The bill changes the language to exclude absence of consent and fear of public humiliation, and to include the use of force and fear of bodily injury.

Your Committee heard testimony from the police department of the City and County of Honolulu and from the Office of the Public Defender.

Your Committee has amended this bill to reinstate statutory provisions which have been added or changed subsequent to the version which was used for the preparation of this bill, in order to prevent the inadvertent repeal of recently enacted amendments. Your Committee has also made technical, nonsubstantive amendments for purposes of style and clarity.

Your Committee finds that this bill would make the law more equitable by providing two tiers of sanctions against sexual assault by force, providing for felony class B sanctions for assault and class A sanctions for aggravated assault, and by decreasing the sanctions for consensual sexual penetration with a person under the age of fourteen.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 3295, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3295, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2268 Judiciary on S.B. No. 2922

The purpose of this bill is to amend Section 712-1241 by making possession of one ounce or more of methamphetamine Promoting a Dangerous Drug in the First Degree.

Your Committee held a hearing and received testimony from law enforcement officers who testified that a dramatic rise in the sale, use and possession of methamphetamine is occurring with street sales at \$50 for .1 gram and \$5,000 to \$47,000 for an ounce of the drug. Because of the cost of methamphetamine, investigators have difficulty in setting up undercover operations to bring charges under Section 712-1241 Promoting a Dangerous Drug in the First Degree.

Your Committee finds that this seriously growing problem of illicit sale and possession of methamphetamine must be curbed. This bill will establish that possession of one ounce or more of methamphetamine will be in violation of Promoting a Dangerous Drug in the First Degree.

Your Committee has amended the bill by making a technical correction to the word "methamphetamine" by eliminating the hyphen.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2922, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2922, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2269 Judiciary on S.B. No. 2766

The purpose of this bill is to allow the Family Court to use school attendance records as prima facie evidence regarding a child's non-attendance at school or non-receipt of educational services and imposes the burden of proof upon the party against whom the presumption is directed.

Your Committee on Judiciary has received favorable testimony from the Attorney General and the Superintendent of Education.

S.B. No. 2766 would provide school authorities with a tool to enforce the State's mandatory school attendance law.

Your Committee has amended section (1) to include a definition of "certified copy" to mean "a copy signed by the principal and educator(s) of the child from whose class the child did not attend."

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2766, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2766, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2270 Judiciary on S.B. No. 2923

The purpose of this bill is to amend Section 712-1242 by making possession of one-eighth ounce or more of methamphetamine Promoting a Dangerous Drug in the Second Degree.

Your Committee held a hearing and received testimony from law enforcement officers who testified that a dramatic rise in the sale, use and possession of methamphetamine is occurring with street sales at \$50 for .1 gram and \$5,000 to \$47,000 for an ounce of the drug. Because of the cost of methamphetamine, investigators have difficulty in setting up undercover operations to bring charges under Section 712-1242 Promoting a Dangerous Drug in the Second Degree.

Your Committee finds that this seriously growing problem of illicit sale and possession of methamphetamine must be curbed. This bill will establish that possession of one-eighth ounce or more of methamphetamine will be in violation of Promoting a Dangerous Drug in the Second Degree.

Your Committee has amended the bill by making a technical correction to the word "methamphetamine" by eliminating the hyphen.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2923, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2923, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2271 Judiciary on S.B. No. 2722

The purpose of this bill is to amend Section 17-6(b) of the Hawaii Revised Statutes, HRS.

Section 17-6(b) sets the deadline for filing nomination papers for a vacant Board of Education (BOE) seat whose term extends beyond the next succeeding General Election. The current filing deadline for such a vacant seat is thirty (30) days prior to the General Election. This contrasts with a sixty (60) day filing deadline for a regularly scheduled special BOE election.

Your Committee heard testimony from the Office of the Lieutenant Governor regarding the effect of the thirty day deadline. Until a vacancy occurred recently on the Board of Education, there was little awareness that a difference existed between the two filing deadlines.

The Office of the Lieutenant Governor testified that the federally recommended deadline for mailing absentee ballots to voters is thirty-five (35) days prior to the election. It testified further that if the filing deadline for BOE vacancies is not increased to sixty days (the same as other filing deadlines), its elections staff will not have enough time to prepare the ballots early enough to meet the federally recommended deadline for mailing absentee ballots. There appears to be nothing in the legislative history of Section 17-6(b) to indicate the reason for the different filing deadlines.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2722 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 George and Reed.

SCRep. 2272 Judiciary on S.B. No. 2760

The purpose of this bill is to add the Directors of Human Services and Health to the list of ex officio members of the Juvenile Justice Interagency Board.

Your Committee received supporting testimony from the Department of Human Services and the Department of Health.

Moreover, the Juvenile Justice Interagency Board presented testimony strongly supporting this bill, stating that the Department of Social Services and Housing was on the Board until the Department was split into two separate departments, the Department of Corrections and the Department of Human Services. After that, only the Department of Corrections was retained on the Board.

The Department of Human Services also plays a vital role in the juvenile justice system by providing services to children in danger of becoming delinquent. The Department of Human Services provides residential and non-residential services to juveniles who experience problems adjusting in the home or in the home of others, and is one of the main agencies called upon when out-of-home placements are indicated.

The Department of Health is also very involved in the juvenile justice system by providing mental health services for the Family Courts and the youth corrections program. The Department of Health also operates the Adolescent Unit of the State Hospital for juveniles who need psychiatric hospitalization.

Many of the juveniles who remain in the juvenile justice system have multiple problems requiring intervention and coordination from the various agencies represented on the Juvenile Justice Interagency Board. The Department of Human Services and the Department of Health are key agencies in the provision of services to juveniles, and currently, without their input, a gap exists on the Board.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2760 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. 2273 Judiciary on S.B. No. 2579

The purpose of this bill is to require individuals who take a blood test for the purpose of testing alcohol content and subsequently are convicted under the driving under the influence of alcohol statutes to reimburse the county for the expense of providing the test.

Your Committee heard favorable testimony on this bill from the state attorney general, the prosecutors and police chiefs of the several counties, and the department of transportation.

Your Committee finds that approximately fifteen per cent of those arrested for driving under the influence choose to take a blood test; the cost of blood testing varies among the counties from a low of \$30 to a high of \$60. In Honolulu, for example, if fifteen per cent of the 5,500 persons arrested for DUI last year took a blood test costing \$30, the resulting cost to the city and county for these blood tests would have been \$24,750.

Your Committee finds that those convicted of the offense should bear the expense of their own blood test, thereby freeing up police department funds that could be used more effectively for other law enforcement functions.

Your Committee has amended this bill by changing the word "part" in the new subsection (e) to "section" to ensure that the provisions of the bill would remain within the scope of the title, and by making technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2579, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2579, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2274 Judiciary on S.B. No. 2559

The purpose of this bill is to allow the county prosecuting attorney to appear and present evidence at parole hearings, to require the Hawaii Paroling Authority to adopt guidelines for the uniform determination of minimum sentencing, and to require the Paroling Authority to conduct its adjudicative determinations publicly.

Presently, the Hawaii Paroling Authority permits the prosecuting attorney to attend parole hearings to give written testimony and to make oral presentation. This bill will codify this procedure. However, the bill will also permit the prosecuting attorney to call witnesses. The Paroling Authority testified at the public hearing on this bill that it will be extremely difficult to accommodate such oral testimony due to staff and time constraints. Further, your Committee believes that such a procedure will cause the hearings to become adversarial in nature. Accordingly, this bill is amended by eliminating the right by the prosecuting attorney to call witnesses and present evidence.

This bill also provides for the right by victims or their designees or surviving immediate family member to attend deliberation hearings of the Paroling Authority. Because of the nature of the deliberation process, which the Paroling Authority testified that it may over a prolong and interrupted period, your Committee finds that such opening hearings would be impracticable. Instead, the bill is amended to permit attendance by victims or their designees or surviving immediate family members to the minimum hearing. However, they may not testify at this hearing for reasons stated in the preceding paragraph.

The bill also requires the Paroling Authority to establish guidelines for the uniform determination of minimum sentences. The Paroling Authority is currently in the final phase of establishing such guidelines. Your Committee supports statutory authority to establish guidelines.

The bill is similarly amended regarding the procedure for parole hearings. However, upon review, your Committee finds that parole hearings should not be opened to victims or the immediate family because their concerns may be different from the issues to be addressed at parole hearings. Your Committee does encourage written testimony from these individuals to the Paroling Authority.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2559, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2559, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator George.

SCRep. 2275 Consumer Protection and Commerce on S.B. No. 3143

The purpose of this bill was to amend the horizontal property regime laws relating to proxies.

Specifically, the bill does the following:

- (1) Requires that proxies must be delivered to the auditor or certified public account instead of the secretary of the association of apartment owners;
- (2) Deletes the provision that proxies may be given to the board of directors as an entity and replaces it with the requirement that proxies not assigned to a person present at the meeting shall be given to the chairperson of the board to be used as instructed, or, if uninstructed, counted only for the purposes of establishing a quorum;
- (3) Requires the board to post and mail election notices listing the board members whose terms are expiring and requesting that any owner wishing to serve as a director mail a statement of candidacy including qualifications;
- (4) Requires the board to include with the proxy form the names of all owners who have declared their candidacy, accompanied by their statements;
- (5) Provides requirements for any proxy to be used for voting the election of directors on the written request of but one owner sixty days prior to an annual meeting;
- (6) Deletes the provision that no board member who uses association funds to solicit proxies shall cast any of the proxy votes for the election or reelection of board members at any association meeting; and
- (7) Prohibits rental agents or owners who rent for more than a single owner to solicit any proxy from an owner/client.

Your Committee has amended this bill as follows:

- (1) Provided that proxies must be delivered to the board of directors;
- (2) Provided that proxies may be given to the board as an entity and shall be voted according to the desire of the members of the board, but shall be voted as an entity only after consultation with all board members;
- (3) Deleted the requirement of mailing proxies containing a list of all declared candidates on the written request of just one owner; and
- (4) Deleted the provision relating to rental agents or owners who rent to their owner/client, and provided that no board member who uses managing agent or association funds to solicit proxies shall cast such proxies unless the proxy form specifically authorizes such action and the other provisions of Section 514A-82(b)(4) are carried out; and
- (5) Make 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. 3143, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3143, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators B. Kobayashi, Matsuura and Ikeda.

SCRep. 2276 Consumer Protection and Commerce on S.B. No. 2788

The purpose of this bill was to strengthen the law on cemeteries.

In general this bill clarifies bonding requirements for cemeteries and pre-need funeral authority licensees; provides for a conditional licensure status in bonding situations; includes cemetery authority licenses with the surrender of a license section; and creates a new section regarding transfer of a license.

Presently under section 441-2(a), HRS, each cemetery or pre-need funeral authority is required to file a bond with the Department of Commerce and Consumer Affairs. However, the subsection does not cover a cemetery authority which can sell property for interment, collect a perpetual care fee which is set aside in trust, and sell pre-need services and merchandise relating to interment. This bill includes cemetery authority within the scope of subsection (a) to ensure that the customer is provided the same form of insurance when purchasing any pre-need services or merchandise.

Presently with the cancellation of a bond the licensee faces immediate suspension and possible termination of its license. This impacts customers directly because the licensee is prohibited from providing the services or merchandise contracted for, even though able to, since the licensee does not have a valid license. Under subsections 441-22(d) and (e) of this bill, a limited and conditional license allows the licensee to honor its contracts with customers, limits further liability until the bond issue is resolved, allows use of the trust moneys to continue operations of the cemetery while still protecting the trust for the customers, and provides time to resolve the bonding issue.

Your Committee finds that imposing a fine under subsection 441-22(e) for failure to abide by the terms of a limited and conditional license reinforces to the licensees that while this alternative allows them to remain in business, compliance with the terms shall be abided by for the protection of the customer.

This bill further amends section 441-22, HRS, to add subsection (f) which sets forth a time limit to a limited and conditional license status; adds subsection (g) which sets forth what the licensee is prohibited from doing once the license is terminated and to require notification to the trustee of the license status; and adds subsection (h) which sets forth filing an alternative form of security.

Your Committee finds under subsection 441-22(f) that because a conditional license status is an alternative measure until the licensee is able to resolve the bond issue, it should not have an ongoing effect. Also under subsection (f), clarification has been added regarding what the licensee is prohibited from doing while its license is suspended, that it shall notify the trustee of the trust fund of its licensure status, and that it may seek to surrender or transfer its license should bonding become unobtainable.

Similarly under subsection 441-22(g) clarification has been added regarding what the licensee would be prohibited from doing once the license is terminated, that it shall notify the trustee of the trust fund of its licensure status, and that the period to appeal the decision of termination by the director has been increased from fifteen to sixty days to be consistent with the appeal provisions found in chapter 91, Hawaii Revised Statutes.

New language was added to section 441-46, HRS, to include guidelines for a cemetery authority licensee which was previously excluded and to assure that the new entity assuming a licensee's business is legally established to carry out the business and that it continues to provide customers protection through bonding and maintaining a trust of the customers' moneys.

The bill also creates a new section to set forth that a licensee who wishes to transfer the business shall do so by voluntarily surrendering the license and by ensuring that the customers are either refunded their money or that the new entity intending to take over the business meet the standards and requirements of this chapter.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2788, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2788, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2277 Consumer Protection and Commerce on S.B. No. 2493

The purpose of this bill was to extend the Board of Chiropractic Examiners' term until December 31, 1994 by reenacting Chapter 442 of the Hawaii Revised Statutes.

This bill will also eliminate the continuing education requirements for reregistration of chiropractic licenses.

In the 1987 Sunset Evaluation Update on Chiropractic your Committee found:

- (1) That a significant potential for public harm existed with the practice of chiropractic to warrant continued regulation of the profession;
- (2) A need for further improvement of the regulation of chiropractic; and
- (3) That the required continuing education program was unnecessary.

Your Committee heard combined testimony provided by the Hawaii State Chiropractic Association, Inc. and the Board of Chiropractic Examiners opposing the proposed elimination of mandatory, post-graduate chiropractic continuing education on the basis that continuing education:

- (1) Is a requirement of all learned professions for licensing;

- (2) Provides, by threat of loss or suspension, significant motivation for the practitioner to update,
- (3) Protects the public from harm that results from negligence or outdated information.

Your Committee has recognized those concerns and amended this bill by striking the proposed changes to continuing education requirements.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2493, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2493, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2278 Consumer Protection and Commerce on S.B. No. 2630

The purpose of this bill is to require Boards of Directors of horizontal property regimes to prepare and distribute annual reports to association members or residents itemizing all board expenditures made during the past calendar or fiscal year.

Under present law, Section 514A-83.4 requires that the association's financial statements shall be available for examination by apartment owners at a convenient place or shall be mailed upon the owner's request. However, there is no provision in the law relating to expenditures made by the Board on its own behalf.

Your Committee finds that association members and residents are entitled to reports itemizing Board expenditures, especially since moneys are accessed from fees paid by the association members.

Your Committee has amended the bill by:

(1) Transferring the relevant provision from subsection (a) of section 514A-82 to subsection (b). Thus, the provision would be deemed incorporated into the bylaws of all condominium projects existing as of January 1, 1988, and all condominium projects created after that date;

(2) Providing that association members or residents are entitled to the report, at their own expense; and

(3) Making technical and clarifying language 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. 2630, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2630, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2279 Consumer Protection and Commerce on S.B. No. 3002

The purpose of this bill is to clarify and update various provisions relating to the Hawaii Business Corporation Act, and the Professional Corporation Act.

Sections 1 through 24 of the bill amend provisions of Chapter 415, Hawaii Revised Statutes (HRS), and Sections 25 and 26 amend provisions of Chapter 415A, HRS. Sections 2, 5, 7, 9, 12, 14, 15, 16, 19, 21, 25, and 26 of the bill are housekeeping measures designed to correct outdated references and clarify existing language.

Section 1 of the bill amends Section 415-19, HRS, to conform to the Revised Model Business Corporation Act (1984). It allows contracts for future services or promissory notes to be used as consideration for shares, and provides that the corporation may place in escrow those shares, and provides that the corporation may place in escrow those shares issued to restrict the transfer of the shares. For added protection, the corporation may credit distributions in respect of the shares against their purchase price, until the services are performed, the note is paid, or the benefits are received. Further, the shares escrowed or restricted and the distributions credited may be cancelled in whole or in part.

In the bill as originally considered by your Committee, the corporation was not required to place in escrow shares issued for contracts for future services or promissory notes. Your Committee believes, however, that more protection should be afforded to shareholders. Therefore, your Committee has amended section 1 of the bill to require those shares to be placed in escrow for the first two years after incorporation.

Section 3 of the bill extends the maximum period to set a record date from fifty days to seventy days since fifty days may not be adequate time for large, publicly-held corporations to complete all of the work required between the record date and the date of shareholders' meeting. Section 4 of the bill extends the maximum period to close the stock transfer books from fifty days to seventy days, to be consistent with the period to set a record date.

Section 6 of the bill amends certain requirements for the articles of incorporation since they contradict other substantive provisions of Chapter 415, HRS. Section 415-54(a)(2) is amended to be consistent with Section 415-4, Section 415-54(a)(3) is amended to be consistent with Section 415-3, Section 415-54(a)(17)54 (a)(13) is amended to clarify that it applies only to corporations issuing shared denominated by par value.

Your Committee has amended section 6 of the bill by changing Section 415-54(a)(3), HRS, back to its original language because it is in the public interest to know the primary purpose for which a corporation intends to engage in

business. However, the bill is amended so that the primary purpose set forth need not be specific. If a specific purpose is not required, the number of rejected articles of incorporation would decrease and the registration process would be streamlined. Your Committee has also amended section 6 of the bill by making clarifying language changes which have no substantive effect.

Section 8 of the bill gives the board of directors of the corporation the authority to abandon a merger or consolidation after shareholder approval. This will protect shareholder interests if conditions within the corporation change.

Section 10 of the bill provides that a copy of the plan of merger need not be sent to the parent corporation which owns ninety percent or more of the stock of the subsidiary since it caused the transaction to occur.

Section 11 amends Section 415-75.5, HRS, to clarify provisions relating to mergers of subsidiary corporations. Subsection (a) states explicitly how the plan of merger is adopted and what it must contain. Subsection (b) provides that a copy of the plan of merger need not be mailed to the parent corporation. Subsection (c) is amended to recognize the possibility of more than one nonsurviving subsidiary corporation.

Section 13 of the bill allows shareholders' attorneys to sign a statement of consent for voluntary dissolution.

Section 17 of the bill provides for the same class voting in the revocation of a voluntary dissolution proceeding.

Section 18 of the bill allows any party of interest, including the director to initiate involuntary dissolution proceedings.

Section 20 of the bill repeals Section 415-118, HRS, since there is no valid reason for requiring a foreign corporation to make another application for a certificate of authority if only the name of the corporation is changed. Furthermore, even if the foreign corporation desires to pursue additional purposes than those set forth in its prior application, it is not necessary to make another application.

Section 22 of the bill removes the exception for foreign insurance companies and foreign nonprofit corporation to obtain an annual license to do business in the state. It is not necessary to refer to them since they are covered by Chapters 431 and 415B.

Section 23 of the bill provides that an amendment to the articles of incorporation that adds, changes or deletes a greater voting requirement must be adopted by the same vote and classes then in effect or proposed to be adopted, whichever is greater.

Section 24 of the bill provides that procedures to implement provisions of the articles of incorporation or bylaws adopted prior to July 1, 1987 shall, unless set forth in its articles of incorporation or bylaws, follow as closely as practical the procedures prescribed by Chapter 415, HRS.

The bill, as originally introduced, uses the terms "closely as practical" and "similar results" which denote degrees of relationship rather than certainty. Further, the new language addresses procedures to implement provisions of pre-July 1, 1987 articles and bylaws. This infers that the other procedures are governed by a different standard. Moreover, the new language in addressing procedures, does not differentiate between procedures and substantive rules.

Your Committee finds that it is important to be certain that the corporation's actions are duly authorized, and has amended the section 24 of the bill to address the concerns listed in the paragraph above.

Section 25 of the bill, which originally was a housekeeping measure, has been amended to add more requirements for the articles of incorporation of a professional corporation.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3002, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3002, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2280 Consumer Protection and Commerce on S.B. No. 2492

The purpose of this bill is to extend the term of the Board of Acupuncture to December 31, 1994.

The Board of Acupuncture is scheduled to be terminated on December 31, 1988. However, the Legislative Auditor's Sunset Evaluation Update on Acupuncture indicates a need to continue regulation of the practice of acupuncture in order to protect public health and safety and that further clarification and strengthening of Chapter 436E, Hawaii Revised Statutes (HRS), is needed.

This bill also requires applicants to graduate from an approved school; exempts students in clinical training under the direct supervision of a licensed acupuncturist from licensing requirements; eliminates references to tutorship training; prohibits the use of doctoral titles by licensed acupuncturists unless they have graduated from a college or university that is accredited by a governmental authority or an agency recognized by a governmental authority; and repeals restrictions on the use of nondoctoral titles, prefixes, and designations by licensed acupuncturists.

Your Committee finds that deleting the Ph.D and doctorate degree as proposed in this bill would be detrimental to the continuing evolvement of this science. Accordingly, your Committee has retained the language relating to Ph.D and doctorate degrees.

Your Committee finds that there is a need for standards in advanced practice as well as initial standards which should include both courses and requirements for initial competency. Your Committee therefore has amended the bill to include a section requiring the Board of Acupuncture to develop academic standards for the practice of acupuncture. These standards are to be adopted by the Board by July 1, 1991, and are to be reviewed by the Legislative Auditor. Failure to adopt these standards will result in the termination of the Board.

Your Committee has further amended the bill by deleting the amendments to the definition of "earned degree."

Your Committee also finds that two other recommendations of the Legislative Auditor to the Board of Acupuncture warrant action. Your Committee therefore strongly urges the Board of Acupuncture to consult with public health officials to determine whether additional guidelines are needed to protect patients and acupuncturists in light of the AIDS epidemic and then take appropriate action. Your Committee also urges the Board to set a time limit on the unlicensed practice of acupuncture by interns.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2492, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2492, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2281 Consumer Protection and Commerce on S.B. No. 2417

The purpose of this bill was to provide for a democratic election of the board of directors for condominiums by regulating the use of proxies.

This bill amends Section 514A-83.2, Hawaii Revised Statutes (HRS), by providing that any proxy to be used in the voting for election of the board of directors or voting for amendments to bylaws shall be accompanied by an official ballot marked by the owner. It also provides that proxies may not be given to the board of directors as an entity.

Under present law, there are no existing regulations for the use of proxies. Often, there are many absentee owners in the election process, and there has developed over the years a system whereby the boards of directors, together with the property managers, perpetuate themselves in a position of control.

Upon consideration of the testimony presented, your Committee has amended the bill by:

- (1) Requiring that a proxy vote cast at an association meeting not be used to establish a quorum and that the proxy vote not be counted unless the affirmative votes, including proxies, exceeds sixty-five percent of the total number of votes being cast on the issue under consideration;
- (2) Replacing the "may" to "shall not" in Section 514A-83.2(c), HRS, to require that proxies not be given to the board of directors as an entity, and deleting the proposed language "nor shall the board of directors express a preference for any of the candidates.";
- (3) Adding language to Section 514A-83.2(c), HRS, to allow proxies, which are cast in accordance with the desires of the board, to be cast on a pro rata basis if there is no agreement by board members;
- (4) Deleting language in Section 514A-82(b)(4) which allowed a resident manager or managing agent to cast a proxy vote at any association meeting only for the purpose of establishing a quorum; and
- (5) Making nonsubstantive 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 S.B. No. 2417, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2417, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Nakasato and A. Kobayashi.

SCRep. 2282 Consumer Protection and Commerce on S.B. No. 3011

The purpose of this bill was to provide that Section 514A-14.5, Hawaii Revised Statutes, relating to ownership of parking stalls in horizontal property regimes, does not apply to apartments designated solely for industrial or storage use.

After considering testimony from the Real Estate Commission, the Hawaii State Bar Association, and the Horizontal Property Regime Blue Ribbon Advisory Panel, all of which supported the bill but preferred H.B. No. 3263 which, they contend, better clarifies the original intent behind the enacting of Section 514A-14.5, your Committee has amended this bill to clarify that the right to ownership or exclusive use of parking stalls only applies to apartments intended for use as dwelling units.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3011, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3011, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2283 Consumer Protection and Commerce on S.B. No. 2503

The purpose of this bill was to amend horizontal property regime bylaws to establish a provision allowing all owners to attend any meeting of the board of directors. The provision would be deemed incorporated into the bylaws of all condominium projects in existence as of the effective date of the Act or created thereafter.

Your Committee has amended this bill by deleting the material which would allow any owner to attend any board meeting, which was proposed for insertion into a new subsection (c) in Section 514A-82, Hawaii Revised Statutes, and instead inserting a provision allowing association members to offer opinions if authorized or requested by any board member.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2503, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2503, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Aki and Ikeda.

SCRep. 2284 Consumer Protection and Commerce on S.B. No. 2190

The purpose of this bill is to give priority to the reimbursement of the insured's deductible amount when the insured's insurer receives any money from filing a claim for relief or cause of action against an uninsured motorist.

Under current law the physical damage coverage in all motor vehicle insurance policies contains a subrogation clause which allows the insurer to recover payment and damages from the responsible party, whether insured or uninsured. As a courtesy to the insured, such recoveries or attempts thereof have considered the interest of the insured by including the deductible. In a partial recovery, the money is shared between insured and insurer.

Your Committee upon consideration of the combined testimony of the Department of Commerce and Consumer Affairs, the Hawaii Insurers Council, and the Hawaii Independent Insurance Agents Association, has amended this bill as follows:

- (1) By making reimbursement of the insured's deductible amount mandatory if the insurer recovers any money;
- (2) By specifying that reimbursement shall be made on a 50-50 basis between the insured and the insurer when recovery is partial; and
- (3) By making it mandatory for insurers to pay the deductible in full or to initiate recovery if the amount of the damages exceeds \$2,500.

In addition, your Committee has amended the bill by making nonsubstantive changes for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2190, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2190, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2285 Consumer Protection and Commerce on S.B. No. 2415

The purpose of this bill was to abolish the Board of Speech Pathologists and Audiologists and transfer its regulatory functions to the Department of Commerce and Consumer Affairs.

Specifically, the bill would do the following:

- (1) Delete the licensure requirements that a person be of good moral character, possess at least a Master's Degree or its equivalent in speech pathology or audiology, and pass a written examination approved by the Board;
- (2) Require submission of proof of holding an American Speech Language Hearing Association (ASHA) Certificate of Clinical Competence;
- (3) Require practitioners employed or under contract to a county or state government agency on or before October 1, 1981, to be deemed in compliance with licensure requirements without holding an ASHA Certificate;
- (4) Allow persons to continue practicing as long as they remain continuously employed by a county or in the state service; and
- (5) Make numerous nonsubstantive technical and clarifying changes to Chapter 468E, Hawaii Revised Statutes.

Your Committee, after considering testimony presented by the Board of Speech Pathology and Audiology and others, finds that the Board still performs an important regulatory function and should be retained. Your Committee has amended the bill accordingly. Your Committee has also made the following amendments:

- (1) Restored the educational and written examination requirements for licensure;
- (2) Repealed subsection (b) of Section 486E-11 relating to waivers of the examination for licensure or parts thereof in order to standardize the licensing of out-of-state practitioners. As amended, out-of-state practitioners shall be

governed by Section 468E-8(c) and be entitled to practice in this State for ninety days, after which they must be licensed in this State; and

- (3) Made numerous technical and clarifying language 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. 2415, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2415, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2286 Consumer Protection and Commerce on S.B. No. 2947

The purpose of this bill is to provide that in the case of a corporation whose board of directors is classified, either pursuant to Section 415-37 of the Hawaii Business Corporations Act which became effective July 1, 1987 or pursuant to bylaws adopted before July 1, 1987, shareholders may remove directors only with cause.

Testimony indicated that Section 415-39, Hawaii Revised Statutes, which became effective on July 1, 1987 as part of the Hawaii Business Corporations Act, now provides that shareholders may remove a director with or without cause. The statute does not expressly permit the articles of incorporation to provide that directors may be removed only for cause. Further testimony indicated that adoption of Section 415-39 in its present form effectively negated bylaws adopted before July 1, 1987 which authorized staggered terms of directors.

The Director of Commerce and Consumer Affairs testified that shareholders of a corporation should be entitled to remove directors without cause unless the requirement that directors may be removed only for cause was affirmatively stated in the articles of incorporation. This is the approach of the Revised Model Business Corporation Act.

The Director concurred with other witnesses that classified boards established under bylaws adopted before July 1, 1987 should continue to be removable only with cause without requiring an affirmative amendment of the corporation's articles of incorporation.

Your Committee adopted the recommendation of the Director of Commerce and Consumer Affairs to provide that shareholders may remove one or more directors with or without cause unless the articles of incorporation provide that directors may be removed only for cause. Your Committee further amended the bill to validate classified boards of directors established under articles of incorporation or bylaws adopted before the effective date of the Hawaii Business Corporations Act, July 1, 1987.

Your Committee amended the bill by changing the exception after the semicolon on line 8 on page 1 to read as follows:

"unless the articles of incorporation provide that directors may be removed only for cause, provided that in the case of a corporation whose board is classified pursuant to a provision of its articles of incorporation or bylaws adopted before July 1, 1987, shareholders may remove a director or the entire board of directors only for cause (unless otherwise provided in the articles of incorporation)."

The purpose of the amendment to this bill is to continue the general policy that directors may be removed with or without cause, to enable corporations to affirmatively provide in the articles of incorporation that directors may be removed only for cause, but to provide that directors serving on classified boards established under prior law may be removed only for cause unless the articles of incorporation affirmatively provide that such directors may be removed with or without cause.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2947, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2947, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2287 Consumer Protection and Commerce on S.B. No. 2504

The purpose of this bill is to provide for the disclosure of pertinent information in transactions involving the acquisition of interest or investment in Hawaii by foreign investors.

Under this bill, a foreign investor seeking to purchase Hawaiian property or other valuable assets, would have to disclose to the prospective seller the foreign investor's legal name, address, and citizenship, if the investment would amount to at least \$1000 and is equivalent to at least ten percent of the total value of the investment.

This bill is not intended to limit, prohibit, curtail, or in any way obstruct investment, foreign or otherwise, in the State.

Your Committee has amended this bill by increasing the amount of investment requiring disclosure from \$1,000 to \$100,000 before the investment will be subject to the requirements of this chapter, 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. 2504, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2504, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Blair and Aki.

SCRep. 2288 Consumer Protection and Commerce on S.B. No. 3145

The purpose of this bill was to change the percentage of common interest needed to change the use or lease of a common element in a horizontal property regime from seventy-five percent to sixty-five percent.

Your Committee received supporting testimony from the Hawaii Council of Associations of Apartment Owners and the Hawaii Association of Realtors and finds that reducing the percentage of common interest needed to amend an association's Declaration will facilitate needed improvements when they become necessary and allow boards of directors to operate the property in an efficient manner while still protecting the interests of the owners.

However, your Committee is cognizant of the fact that owners often purchase certain units relying on special features, and that such directly affected owners should be given consideration in legislation affecting their particular interests. Therefore, your Committee has amended this bill by providing that all of the directly affected owners must be considered in determining the sixty-five percent needed to change the common elements or lease thereof.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 3145, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3145, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2289 Consumer Protection and Commerce on S.B. No. 3402

The purpose of this bill was to require that at least a majority of the board of directors of condominiums with one hundred or more units be resident-owners.

The bill further provides that no two resident-owners may be board members, whether elected or appointed, if they are from one family or reside in the same unit, and moves the pertinent section of the Hawaii Revised Statutes (Section 514A-82(a)(1)(B)) to subsection (b), thereby giving it retrospective application.

Your Committee finds that resident owners are intimately aware of the day-to-day and special problems of condominiums. Thus, this bill will benefit apartment owners and tenants of such projects and will also help to distribute board membership more evenly among the owners.

Your Committee, upon further consideration, has amended this bill by deleting the restriction that only one family member may be on the board. Your Committee has also amended the bill by adding the provision, to protect the interests of small projects with relatively few resident owners, that resident-owners shall be represented on the board at least in proportion to the percentage of the resident-owner voting shares within the project, except when there are insufficient resident owners willing and able to fill the vacancies.

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. 3402, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3402, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 2290 Consumer Protection and Commerce on S.B. No. 2791

The purpose of this bill was to exempt ocularists from the licensing requirements of a dispensing optician.

Generally speaking, an ocularist specializes in designing, fitting, and fabricating artificial eyes.

Current law exempts physicians and optometrists from regulation under Chapter 458, Hawaii Revised Statutes ("Opticians, dispensing"). This bill would provide the same exemption to ocularists who are recognized by the American Society of Ocularists, providing that the ocularist is under the supervision of a licensed ophthalmologist.

Your Committee received testimony from the Board of Dispensing Opticians and the Hawaii Optometric Association and finds that Chapter 458 is ambiguous regarding ocularists and may require them to be licensed as dispensing opticians in order to practice the manufacturing and fitting of ophthalmic prosthetics. This administration bill would clarify this inconsistency.

Upon further consideration, your Committee has amended the bill as follows:

- (1) Added ophthalmologists to the exemption provided to physicians and optometrists under Chapter 458;
- (2) Clarified that an ocularist may perform only those functions dealing with the designing, fitting, and fabrication of artificial eyes, and not contact lenses or any other lenses of refractive value;
- (3) Provided that an ocularist, to be exempt from Chapter 458, may provide services under the supervision of a licensed optometrist as well as an ophthalmologist; and

- (4) Made technical and language 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. 2791, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2791, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 2291 Consumer Protection and Commerce on S.B. No. 2792

The purpose of this bill is to amend portions of Chapter 464, Hawaii Revised Statutes (HRS), by deleting obsolete language to further clarify the regulation of professional engineers, architects, surveyors and landscape architects.

This bill reorganizes the section on definitions; replaces the term "supervision" with "observation" when referring to construction, since the term "supervision" implies control and direction, neither of which the professional engineer, architect or landscape architect have over a project; deletes the requirement for the presence of an officer to constitute a quorum to allow the Board greater flexibility in holding board meetings; recodifies the section on qualifications by separating the qualifications for each profession so the information is presented more clearly; and establishes provisions for the filing of a new application after the reinstatement period in order to provide clearer guidelines to those who were formerly registered.

Your Committee received testimony from the Board of Registration of professional engineers, architects, surveyors and landscape architects and the Hawaii Society/American Institute of Architects in support of this administration bill. The testimonies stated that this bill will substantially improve the intent and purpose of Chapter 464, HRS.

Your Committee, upon review of the paragraph relating to land surveyors, has amended the bill to also accept land surveyor applicants who have completed an arts and science curriculum of four years or more.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2792, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2792, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2292 Consumer Protection and Commerce on S.B. No. 2398

The purpose of this bill is to strengthen the new car warranty law.

Currently, section 490:2-313.1(b) provides that if the motor vehicle does not conform to the express warranty, the manufacturer shall replace the motor vehicle or refund the full purchase price, less a reasonable allowance for the consumer's use of the motor vehicle.

Interpretation of this law has led to arbitrary calculations of the amount of reasonable allowance and is a matter for argument which generally results in favorable outcomes for the manufacturer. This bill provides that the allowance shall be calculated up to the date of the first report of the non-conformity and that taxes (on the purchase price) paid by the consumer shall be included in the calculation of the refund.

Your Committee finds that this bill is consistent with the intent of the Legislature to protect consumers against losses that may be incurred due to the manufacturer's breach of express warranty.

Your Committee has amended the bill by:

- (1) Changing the words "defect or disrepair" on line 3, page 2, to read "nonconformity" for purposes of clarity and consistency;
- (2) Deleting the phrase "and during any subsequent period when the motor vehicle is not out of service by reason of repair," on line 11, page 2, for purposes of consistency; and
- (3) Moving the sentence beginning on line 8, page 2 to begin before the preceding two sentences, for purposes of continuity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2398, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2398, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2293 Consumer Protection and Commerce on S.B. No. 363

The purpose of this bill was to delete from Section 452-14, Hawaii Revised Statutes, the requirement that applicants for licensure as massage therapists perform practical demonstrations and take written examinations.

The bill would also repeal the authority of the Department of Commerce and Consumer Affairs to require applicants to pay the examination fee directly to a testing agency, if such is utilized to prepare, administer, and grade the examinations.

Your Committee notes that Act 190, Session Laws of Hawaii 1987, amended this Section by repealing oral examinations (leaving only practical demonstrations and the written examination) and the provision relating to paying examination fees directly to the testing agency. However, the Board of Massage testified that the practical demonstration should be deleted based on a Response to Act 190 which mandated the Board to provide the Legislature with a proposal on the Standards of Competency for the massage practical examination. Your Committee agrees and has therefore amended this bill by deleting the practical demonstrations requirement from the examination process in Section 452-14, as amended by Act 190.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 363, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 363, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2294 Consumer Protection and Commerce on S.B. No. 2322

The purpose of this bill is to allow industrial loan companies to use recent real property tax assessments for the purpose of valuing residential properties.

Currently, Section 408-14.7(a)(2), Hawaii Revised Statutes, requires that all real property used as collateral for loans in excess of \$25,000 shall be appraised by a qualified appraiser before the industrial loan company makes the loan.

Although the current law may be interpreted to permit use of the tax assessed value in lieu of a formal opinion by a qualified appraiser, this bill will remove any ambiguity by explicitly allowing the use of real property tax assessment values if certain conditions are met.

Your Committee finds that this bill will clarify the existing law relating to collateral for loans. Your Committee finds further that this bill will save consumers unnecessary appraisal expenses and give industrial loan companies an opportunity to compete with other financial institutions which presently offer residential real property loans without appraisals.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2322 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, Matsuura and A. Kobayashi.

SCRep. 2295 Consumer Protection and Commerce on S.B. No. 2491

The purpose of this bill was to extend the repeal date for Chapter 373, Hawaii Revised Statutes, to December 31, 1994.

In addition, this bill strengthens regulations relating to the prohibition of advance fees and full disclosure of consumer information, and regulates advertisements for commercial employment agencies.

Section 3 of the bill orders the Department of Commerce and Consumer Affairs (DCCA) to (1) develop a consumer awareness program to acquaint high school and college counselors with Hawaii's laws and rules; (2) conduct a study to review bonding system; and (3) improve some of the practices related to the licensing examination.

Your Committee finds that the potential harm to consumers in the commercial employment agency industry justifies continued regulation of the industry.

Your Committee has amended the bill by deleting the material relating to advertisements because of the increased financial hardships it would place on the agency by requiring additional advertisement lineages.

In addition, your Committee has deleted Section 3 because:

- (1) The DCCA lacks the manpower and resources to implement a consumer awareness program for high school and college counselors;
- (2) The issue of bonding was previously covered by the Legislature in 1987; and
- (3) Machine grading of examinations has already been addressed by the DCCA.

Your Committee has also amended this bill by making clarifying language 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. 2491, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2491, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2296 Consumer Protection and Commerce on S.B. No. 2511

The purpose of this bill is to clarify and expand various laws relating to psychologists.

Section 1 of the bill changes the definition of "psychologist" to mean a person who offers to the public or renders to individuals or to groups of individuals, services defined as the practice of psychology.

Under present law, "psychologist" means a person who engages in the practice of psychology. Your Committee finds that this definition is too ambiguous, and that this bill will clarify the definition by considering representation offered to the public.

Section 2 of the bill authorizes the use of the term "psychological assistant", and expands on the title of "industrial/organizational psychologist." More importantly, it adds school psychologists or psychological examiners to the list of exemptions for licensure requirements, and removes psychological examiners and psychologists in civil service clinical psychology positions from the list of exemptions for licensure requirements.

Currently, the law does not exempt school psychologists and psychological examiners from licensure requirements. However, your Committee finds that licensure is not necessary since these positions do not involve diagnostic or treatment services. The present law exempts civil service clinical psychologists from licensure requirements. Your Committee finds that licensure is necessary for these positions to ensure that consumers of state public mental health care are given the same standard of care as those who can afford private care.

Your Committee has amended the bill by removing the new statutory material designated as subparagraphs (A) through (C) from Section 465-3(a)(3), Hawaii Revised Statutes and making it a new section to be added to Chapter 465, and designated in the bill as new Section 3.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of S.B. No. 2511, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2511, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Blair.

SCRep. 2297 Consumer Protection and Commerce on S.B. No. 3234

The purpose of this bill was to provide in Section 415-79, Hawaii Revised Statutes, language clarifying and defining the term "all or substantially all the property and assets of the corporation."

Section 415-79 of the Hawaii Business Corporation Act requires shareholder approval for a sale, lease, exchange, or other disposition of all or substantially all of the property and assets of a Hawaii corporation which is not in the regular course of business. The Act does not define the phrase "substantially all of the property and assets." The amendment proposed in this bill sets forth what the drafters of the Model Business Corporation Act (MBCA) intended in using the phrase.

The amendment states that a sale, lease, exchange, or other disposition of property and assets of the corporation shall not be deemed a disposition of all or substantially all of the property and assets of the corporation if the board of directors determines that the corporation is retaining at least ten percent of its property and assets and intends to continue business operations after the disposition. This definition is consistent with the MBCA.

Your Committee received supporting testimony from the Public Affairs Manager of AMFAC, Inc. and finds that, as an alternative to stating a definite percentage, it is more appropriate to indicate the intent behind the MBCA by adopting a construction of the phrase "all or substantially all." Therefore, your Committee has amended this bill by providing that "all or substantially all" means that the "corporation is retaining sufficient property and assets to continue one or more segments of the corporation after the sale, lease, exchange or other disposition."

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. 3234, S.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3234, S.D. 2, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2298 Judiciary on S.B. No. 3012

The purpose of this bill is to elevate the consenting age of minors from fourteen years to sixteen years of age pertaining to first degree and third degree sexual assaults are committed.

As testified, a situation occurred where a 22 year old man engaged in sexual activity with a 14 year old girl who later gave birth to an illegitimate child. However, because of her age, she was not protected under the laws pertaining to sexual assault, nor was she qualified for the minimum age for marriage under HRS 572-1. Therefore, this will provide protection to minors to include fourteen and fifteen year olds.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 3012 and recommends that it pass Second Reading in the form attached hereto as S.B. 3012, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Menor and George.

SCRep. 2299 Judiciary on S.B. No. 3158

The purpose of this bill is to require a medical tort complaint to be accompanied by a certificate of a health care provider stating that there is a reasonable basis for the tort action.

The intent of this bill is to reduce the number of frivolous claims before the Medical Claim Conciliation Panel with resultant savings in attorney and physician's time and cost.

Your Committee has amended the bill to provide that any claim submitted to the Panel be certified by the claimant that a licensed health care provider in good standing has been consulted and concludes that the facts set forth in the claim reasonably support a claim of medical tort. The certification shall be submitted within sixty days of the submission of the claim to the Panel.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 3158, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 3158, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Menor and George.

SCRep. 2300 Judiciary on S.B. No. 2970

The purpose of this bill is to amend the law on abuse of family and household members to make it similar to the offense of Assault in the Third Degree under section 707-712, Hawaii Revised Statutes.

Your Committee held a public hearing and heard testimony from the Women's Caucus of the Hawaii State Senate, Honolulu Police Department, Honolulu Office of the Prosecuting Attorney, the Judiciary, Office of the Public Defender, and Hawaii State Committee on Family Violence.

By way of background, the offense of Abuse of Family and Household Members was first established in 1973. The concern was that there was little, if any, protection for a spouse beaten by the other spouse. Thus, the Legislature intended, in introducing this law, that it be enforced to the extent that it afforded the abused spouse the necessary protection needed. Furthermore, the Legislature intended that, unless it appeared adverse to the best interest of the parties, the family unit should be retained without the necessity of the abusing spouse being branded a "criminal". However, the Legislature also expressed its intent, as reported in the commentary, that the Family Court should insure that the remedy this law created was not vitiated by undue reluctance on the part of the court to employ it. Because of its unique statutory creation, the Family Court was given the task of aiding such distressed persons. Your Committee finds that these policies should be continued and has amended this bill accordingly.

First, your Committee has amended the bill to change the statutory language of the offense of Abuse of Family and Household Members to conform to language commonly used within the Penal Code. Since the current statutory language of this offense actually defines two offenses, these two offenses are separated into two different sections, to be named as "Physical Abuse of Family and Household Members" and "Refusing to Comply with Order for Cooling Off Period". In addition, based on concerns raised by the testimony received, an additional offense of "Harassment of Family and Household Members" is created in the amended bill.

The term "physical abuse" is not defined in the current statute and has created confusion not only for the enforcement officers but also for the courts. Your Committee heard testimony on a related bill concerning this definition and there was differing testimony on an acceptable definition for the term "physical abuse". The Judiciary and the Women's Caucus were in favor of defining physical abuse similar to that of the offense of Assault in the Third Degree. The police department, the Victim/Witness Kokua Services of the Office of the Prosecuting Attorney, and the Office of the Public Defender were in favor of the following definition of physical abuse: "intentionally or knowingly hit, shove, kick, slap, or otherwise touch in an offensive manner". The latter definition is similar to the offense of Harassment as defined in the Penal Code, which is a petty misdemeanor. To reconcile these two concerns, your Committee established the Harassment offense in addition to the Physical Abuse offense. Your Committee finds that it is inconsistent to charge a person with a petty misdemeanor when the offense is against a non-family or non-household member, and to charge the person with a full misdemeanor when the same offense is against a family or household member. Accordingly, to be consistent with the Penal Code, both a petty misdemeanor and a full misdemeanor offense are established within the abuse statutory provisions pertaining to abuse.

Currently, a person committing the offense of physical abuse or refusing to comply with police order for cooling off period is subject to a minimum jail term of 48 hours, in addition to the regular sentence for misdemeanor offense. It has been the experience of Family Court that, because of the mandatory jail sentence, an individual charged with this offense will demand trial rather than plead guilty at arraignment to the charge. Because of this and because of the heavy increases in the volume of arrests in this type of offense, Family Court is currently inundated with pending trials for these offenses. Your Committee finds that, in keeping with the original intent of the statute, the mandatory jail term for the first offense should not be required. Accordingly, the bill is amended to require the mandatory jail sentence only for those persons who are found guilty for a subsequent violation.

Further, the bill is amended to eliminate unnecessary language and provision in the current statute. First, the words, "singly or in concert", are deleted because complicity is provided in the chapter for inchoate crimes in the Penal Code.

Second, Section 803-5 of the Penal Code permits police officer to arrest, without warrant, any person when the officer has probable cause to believe that such person has committed the offense, whether or not it was in the officer's presence. Accordingly, all references to arrest without warrant and whether or not the offense was in the officer's presence, are deleted from the amended bill.

Third, Section 709-906(9) is deleted because this subsection duplicates Section 701-109 of the Penal Code dealing with the method of prosecution when conduct establishes an element of more than one offense.

Fourth, Section 709-906(11) is deleted since such a right is available to any victim of a criminal offense and it is unnecessary.

Fifth, Section 709-906(12) is deleted because of the creation of a two-tiered penalty, discussed above, for a person committing the offense of physical abuse, and because the court must have a record of the previous violation. Furthermore, the court may invoke Section 571-42 regarding informal adjustment in lieu of prosecution of the offense, where the court finds that informal adjustment is applicable, the offender will be discharged without a conviction for the offense. But where the court finds that informal adjustment is inapplicable, then further prosecution which results in a conviction should remain on the record so that the two-tiered penalty may be imposed on future convictions.

Sixth, immunity from liability for police officers was deleted because it appears unfair that arrest for only this particular offense amongst all of the offenses in the Penal Code be uniquely exempt from liability.

Seventh, the bill deletes the subsection pertaining to petitions, complaints, and summons.

It has been said that a man's home is his own castle. However, a person committing an offense against the person of another, especially against a family or household member, may be charged under any of the applicable offenses provided in the Penal Code. But the problem of family abuse is a recurring one which necessitates the intrusion of the state into the family home. Thus, we have created a unique statute which permits the police officer to order the person who is abusing another family or household member to depart the home for a prescribed period without impartial adjudication of the charge of abuse. But there must be a balance between the police power of the State and the right of a citizen to be secure in his own home. Your Committee has taken all of these concerns and has put forth a bill that will hopefully safeguard the personal safety of a family or household member but also uphold our constitutional right against unreasonable intrusions.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2970, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2970, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Menor and George.

SCRep. 2301 Judiciary on S.B. No. 2910

The purpose of this bill is to provide for mandatory sentencing where a person sells any marijuana, or distributes any Schedule V substance in any amount.

Your Committee heard testimony from the Attorney General and the prosecutors and police chiefs of the counties of Honolulu, Hawaii, Maui, and Kauai supporting the intent of this bill.

These groups are concerned with the increasing numbers of persons who are selling marijuana on the streets of Hawaii, particularly in resort areas of the State. Where there is no significant punishment meted out, street dealers in marijuana are repeatedly arrested and convicted, and are back on the street selling again. Your Committee's intent is to deter street dealers by providing for mandatory sentencing which will establish both a minimum term of imprisonment and a mandatory fine.

Your Committee has amended the bill to correct a typographical error in the bill by amending the first sentence in subsection (2) on page 2 to read "(2) Notwithstanding any other law to the contrary, a person convicted under section (1)(d) shall be sentenced as follows:" As originally written, the mandatory sentencing provisions would have applied to section (1)(c) which applies to possessing marijuana. It is your Committee's intent that mandatory sentencing apply only to the selling or distributing of marijuana or any schedule V substance.

Your Committee further amended the bill by reducing the mandatory jail term for a third offense from six months to thirty days.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2910, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2910, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Menor and George.

SCRep. 2302 Judiciary on S.B. No. 2712

The purpose of this bill is to permit the Family Court in custody or visitation cases to order, as it deems appropriate, any party and the minor child attendance in counseling, parenting classes, or any other type of educational activity to meet the best interests of the child.

Your Committee believes that the Family Court needs clear authority to require that divorcing or divorced parents participate in the appropriate program or counseling, where it serves the best interest of the child. It may take very little to help parents become aware of how serious the divorce process is for children and how they can help them through the period of readjustment. A counseling session or two may be all it takes. The Family Court of the First Circuit sponsors a three-part workshop, "The Divorce Experience," which is repeated bi-monthly and offered free of charge to anyone who is involved in or contemplating a divorce. Other programs are being developed as more study is done in this area.

A March 1987 report by the U.S. House of Representatives Select Committee on Children, Youth and Families, indicates the trend of children living with only one biological parent has continued to spiral upward. In 1986, 5.4 million children were living with a divorced mother compared with 2.3 million in 1970.

Researchers generally agree that the success or failure of multiple caretaking arrangements is based on the quality of the relationship between the estranged parents. This reorganizational process is one of the most stressful tasks facing families of divorce. The divorce process creates a need to negotiate a new equilibrium. The co-parenting relationship must be redefined in order to continue child-rearing functions and obligations after a divorce.

The courts have found that many divorcing parents are unaware of the tremendous impact the divorce and reorganization process has on their children. The disputes and feelings of the divorcing parents often consume the change that neither parent will recognize in the child regarding the divorce. Worse yet, the child may become the weapon, the spy, the communication link, the emotional support and the solver of problems for the adult.

This is not to say that divorcing couples, or those involved in custody disputes love their children less. Their concern is obviously real--but they lack awareness of what these changes mean to their children. They may not notice what is evident to the rest of us because of their own deep involvement in the process of divorce. Perhaps it is a failure to see the forest from the trees.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2712 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. 2303 Judiciary on S.B. No. 2765

The purpose of this bill is to amend or repeal to reflect the voluntary nature of the present program and also to reflect current practices in the Department of the Attorney General.

The civil identification program under Chapter 846, of the Hawaii Revised Statutes, was established as a direct result of the Second World War, when mandatory registration of the entire civilian population was required under martial law. Consequently, several sections of the present law require amendments to reflect current practices:

1. Section 846-28(2) is repealed because the requirement for information on past fingerprinting is unnecessary.
2. Section 846-30 is amended to allow for the use of a facsimile signature of the administrator to expedite processing, since the present law requires the administrator's personal signature.
3. Section 846-31 deletes the mandatory reporting provision requiring persons who lose their certificate of identification.
4. Section 846-35(a) is amended to allow information to be subpoenaed.
5. Section 846-36 deletes the penalty requirement for persons who do not report lost, stolen, or destroyed certificates.
6. Section 846-25, -26, -33, and -38, are also repealed.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2765 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 George.

SCRep. 2304 Judiciary on S.B. No. 2566

The purpose of this bill is to add a new section to the penal code which will establish the offense of Commercial Promotion of Marijuana in the First Degree, as well as to amend Section 712-1249.5, Hawaii Revised Statutes, to provide the offense of Commercial Promotion of Marijuana in the Second Degree.

The present Penal Code, in Section 712-1249.5, describes the offense of Commercial Promotion of Marijuana, and makes the commission of the offense a class B felony.

Your Committee's intent is to set out the new offense of first degree Commercial Promotion of Marijuana, and to make it a class A felony. The present Section 712-1249.5 will become second degree Commercial Promotion of Marijuana, and commission of the offense will remain a class B felony.

In addition, your Committee has added provisions which allow the marijuana seized to be weighed and photographed and the plants to be counted and photographed, with the duly authenticated photographs admissible as competent evidence in any proceeding, hearing, or trial, under the Hawaii Rules of Evidence.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2566, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. No. 2566 S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Menor and George.

SCRep. 2305 Judiciary on S.B. No. 2418

The purpose of this bill was to require mortgage lenders to release mortgages on a timely basis.

Hawaii law provides for releases covering consumer goods, yet no law currently exists to address the far more significant issue of home mortgages and mortgages on other real property. This bill requires mortgagees to provide mortgagors with a release of mortgage upon full satisfaction of the mortgage and discharge of the debt secured thereby, to be acknowledged and recorded in the Bureau of Conveyances or the Office of the Assistant Registrar of the Land Court. The release must be provided within sixty days from the date of written request therefor by any interested party. In addition, the bill provides legal remedies to obtain such release if it is not duly provided.

Your Committee received testimony from the President of Title Guaranty Escrow Services, Inc. and the Hawaii Land Title Association and finds that this bill will remedy a serious problem faced by many of Hawaii's homeowners. Your Committee further finds that this measure is consistent with legislation already in place in most of the other states.

Your Committee has amended the bill by reinserting the material in the original draft of the bill which specifies the procedures for obtaining a legal remedy after an action is filed in the Circuit Court. Your Committee has further amended the bill by imposing liability for treble damages on the part of the mortgagee to be awarded in favor of the plaintiff in such action.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2418, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2418, S.D. 2.

Signed by all members of the Committee except Senators Menor and George.

SCRep. 2306 Judiciary on S.B. No. 2548

The purpose of this bill is to remove imprisonment as a penalty for certain traffic violations.

Your Committee held public hearing on this bill and heard favorable testimony from the Department of Transportation.

Your Committee amended this bill by creating a new chapter on adjudication of traffic offenses which will decriminalize the adjudication of such offenses. There is support for this procedure and your Committee finds that the procedure adopted in this bill is a viable and effective alternative to the current system of adjudication of traffic offenses.

Your Committee on Judiciary is in accord with the intent and purpose of S.B. No. 2548, as amended herein, and recommends that it pass Second Reading in the form attached hereto as S.B. 2548, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Menor and George.

SCRep. 2307 Ways and Means on S.B. No. 2013

The purpose of this bill is to provide University of Hawaii tuition waivers to dependents of Hawaii National Guard and U.S. Armed Forces Reserve members who are killed or who became totally and permanently disabled while on federal or state duty.

Currently, the waiver applies only to enlisted persons, warrant, or company grade officers in the Hawaii National Guard or in the reserve components of the Army, Navy, Air Force, Marine Corps, and Coast Guard.

Your Committee finds that this bill will provide to dependents an opportunity to reconstitute their shattered lives and to shape a brighter future for themselves. At a minimum this bill will provide a surviving spouse an opportunity to improve his or her employability, and in the case of children, will insure that higher education will not be out of their reach.

Your Committee has amended the bill to allow this bill to apply retroactively to dependents of members who were disabled in the past.

Your Committee on Ways and Means is in accord with the intent and purpose of S.B. No. 2013, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as S.B. No. 2013, S.D. 2.

Signed by all members of the Committee.

SCRep. 2308 Business Development and Pacific Relations on H.B. No. 842

The purpose of this bill, as received, is to establish uniform rates for insurance premium taxes while also establishing premium tax credits for authorized insurers maintaining home offices in the State.

Your Committee has amended this bill substantially, while retaining the intent and spirit of the original measure. These changes reflect the most recent analysis of the problems with the current system, and are an effective method of combating existing inequities while encouraging insurance companies to do business in Hawaii.

The bill, as amended, abolishes the distinction for tax purposes between domestic and foreign insurers. The bill instead provides lower rates for insurers who are certified as having a principal office within the State. The bill sets forth certification procedures for qualifying for the lower rate. The bill also establishes tax credits for examination fees, real

property taxes, and excise taxes incurred by any insurer. Your Committee finds that this system will provide a fairer, more equitable tax which will in turn promote the insurance business in Hawaii.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 842, H.D. 2, S.D. 1, as amended herein, and recommends that it be recommitted to the Committee on Business Development and Pacific Relations for reconsideration in the form attached hereto as H.B. No. 842, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senators B. Kobayashi, Matsuura, Menor, J. Wong and Young.

SCRep. 2309 Agriculture, Energy and Ocean Resources on S.R. No. 37

The purpose of this resolution is to request Congress to appropriate funds for the development of technology to allow for the effective utilization of ocean resources.

When President Reagan signed Proclamation 5030 establishing the United States Exclusive Economic Zone (EEZ), he not only extended the jurisdictional area of the United States two hundred nautical miles beyond the coastline of the U.S. and its possessions, but also proclaimed "sovereign rights" over all resources within this immense area. The resources of the EEZ are largely unknown, but exploration to date has indicated the potential for enormous new wealth not only in the mineral resources, but also involving living products of the sea.

One of the areas needing a great deal of work relative to the EEZ is in technology to effectively develop and manage the resources at hand. In the U.S., the private sector has been slow to develop technology appropriate for long term EEZ needs. This resolution requests Federal assistance to spur the development of this technology.

Your Committee received testimony from Dr. Harry J. Olson, Spark M. Matsunaga Fellow in Geothermal Energy Research, University of Hawaii, strongly in favor of this resolution. The testimony also recommended amendments which will strengthen the resolution to better reflect research that the University of Hawaii is currently initiating.

Your Committee, upon the recommendation of Dr. Olson, has amended the resolution by including in the sixth whereas paragraph a provision for the development of systems for characterizing, sampling, and mining sea floor deposits and mineral resources; and by clarifying, in item 1 of the seventh whereas paragraph, the need to develop waste handling, utilization, and disposal systems, including waste storage systems, with long life storage requirements.

Your Committee also received testimony from the Department of Business and Economic Development and Dr. Hans Krock in favor of this resolution.

Your Committee finds that funds to develop appropriate ocean technology and engineering are needed to enable effective utilization of ocean resources. The development of technology is crucial for the purpose of exploring, exploiting, conserving, and managing natural resources of the EEZ.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.R. No. 37, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 37, S.D. 1.

Signed by all members of the Committee except Senator Holt.

SCRep. 2310 Agriculture, Energy and Ocean Resources on S.C.R. No. 31

The purpose of this concurrent resolution is to request Congress to appropriate funds for the development of technology to allow for the effective utilization of ocean resources.

When President Reagan signed Proclamation 5030 establishing the United States Exclusive Economic Zone (EEZ), he not only extended the jurisdictional area of the United States two hundred nautical miles beyond the coastline of the U.S. and its possessions, but also proclaimed "sovereign rights" over all resources within this immense area. The resources of the EEZ are largely unknown, but exploration to date has indicated the potential for enormous new wealth not only in the mineral resources, but also involving living products of the sea.

One of the areas needing a great deal of work relative to the EEZ is in technology to effectively develop and manage the resources at hand. In the U.S., the private sector has been slow to develop technology appropriate for long term EEZ needs. This concurrent resolution requests Federal assistance to spur the development of this technology.

Your Committee received testimony from Dr. Harry J. Olson, Spark M. Matsunaga Fellow in Geothermal Energy Research, University of Hawaii, strongly in favor of this concurrent resolution. The testimony also recommended amendments which will strengthen the concurrent resolution to better reflect research that the University of Hawaii is currently initiating.

Your Committee, upon the recommendation of Dr. Olson, has amended the concurrent resolution by including in the sixth whereas paragraph a provision for the development of systems for characterizing, sampling, and mining sea floor deposits and mineral resources; and by clarifying, in item 1 of the seventh whereas paragraph, the need to develop waste handling, utilization, and disposal systems, including waste storage systems, with long life storage requirements.

Your Committee also received testimony from the Department of Business and Economic Development and Dr. Hans Krock in favor of this concurrent resolution.

Your Committee finds that funds to develop appropriate ocean technology and engineering are needed to enable effective utilization of ocean resources. The development of technology is crucial for the purpose of exploring, exploiting, conserving, and managing natural resources of the EEZ.

Your Committee on Agriculture, Energy and Ocean Resources 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. 2311 Agriculture, Energy and Ocean Resources on S.R. No. 38

The purpose of this resolution is to request that the Sea Grant College Program of the University of Hawaii study the feasibility of developing one or more sites for research and teaching students about commercial production of marine resources.

Currently, there is no location for research and teaching related to biological methodologies relevant to the production of marine resources for commercial purposes.

Favorable testimony was received from the Sea Grant College. While the college anticipates limited resources over the next year, it feels that the needs of this resolution can be met by making good use of Hawaii resident expertise.

Your Committee finds that a study of possible sites for research and teaching related to the production of marine organisms is needed, and that the development of ensuing technologies will enhance our competitive edge in this area.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.R. No. 38, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2312 Agriculture, Energy and Ocean Resources on S.C.R. No. 32

The purpose of this concurrent resolution is to request that the Sea Grant College Program of the University of Hawaii study the feasibility of developing one or more sites for research and teaching students about commercial production of marine resources.

Currently, there is no location for research and teaching related to biological methodologies relevant to the production of marine resources for commercial purposes.

Favorable testimony was received from the Sea Grant College. While the college anticipates limited resources over the next year, it feels that the needs of this concurrent resolution can be met by making good use of Hawaii resident expertise.

Your Committee finds that a study of possible sites for research and teaching related to the production of marine organisms is needed, and that the development of ensuing technologies will enhance our competitive edge in this area.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.C.R. No. 32, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2313 Judiciary on H.B. No. 3548

The purpose of this bill is to authorize appropriations from the general revenues of the State of Hawaii to satisfy claims for legislative relief, judgments against the State, settlements, refund of real property taxes, and miscellaneous claims as provided in section 37-77.

As received, this bill lists forty-two claims for payment for a total appropriation of \$4,842,540.12.

Based on the testimony of the Attorney General at the public hearing on this bill, your Committee has amended this bill by including the following three cases which were settled after introduction of this bill:

Dias v. State	
Civil No. 86-0710, 1st Cir.	
Amount of settlement:	\$5,000.00
No interest	
DOE v. Wilson	
Civil No. 84-1278, U.S.D.C.	
Amount of settlement:	7,500.00
No interest	
Pekarsky v. Ariyoshi	
Civil No. 76-0455, U.S.D.C.	
Amount of settlement	
attorneys' fees:	<u>17,652.41</u>
No interest	

TOTAL	\$30,152.41
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Your Committee accepts the recommendation of the Attorney General to include an additional appropriation of \$30,152.41 for payment of three (3) additional claims not included in the bill. Your Committee amended this bill to list a total of forty-five claims for payment and to appropriate the sum of \$4,872,692.53.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3548, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3548, 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 George.

SCRep. 2314 Judiciary on H.B. No. 3558

The purposes of this bill are to (1) increase from \$2,000 to \$10,000 the ceiling amount to which the Attorney General is authorized to adjust claims informally; (2) allow the Attorney General to refer claims to the comptroller for investigation and informal resolution; and (3) appropriate \$150,000 to be used by the Department of Accounting and General Services for paying informally resolved claims and for contracting necessary claims adjusting services.

Your Committee received testimony from Department of Attorney General and the Department of Accounting and General Services.

The \$2,000 statutory authorization was first established in 1969 and is outdated. Your Committee finds that the State could resolve many cases faster, and thus, more economically, on the average, if the Attorney General had the additional authority to settle cases between \$2,000 and \$10,000, which account for 25% of the cases for which the Attorney General has sought legislative appropriation in the past 3 years. The Attorney General testified that based on the history of the past three years, approximately \$151,000 will be needed to pay for claims settled for \$10,000 or less in the next fiscal year.

Upon review, your Committee has amended the bill by deleting the authority by the Attorney General to refer claims to Comptroller for informal resolution. Your Committee finds that legal expertise of the Attorney General should be retained for all claims against the State.

Your Committee amended the bill to give the Attorney General the authority to expend the sum appropriated for claims adjustment.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3558, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3558, 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 George.

SCRep. 2315 Judiciary on H.B. No. 3574

The purpose of this bill is to make an appropriation of \$449,493.79 to the Department of the Attorney General to pay the legal fees, expenses, and interest incurred in connection with the representation of the State of Hawaii in the case of United States v. Exxon Corp. by the Washington, D.C., law firm of Nash, Railsback, and Plesser.

The State of Hawaii received \$14,482,089.88 in the case of United States v. Exxon Corp. upon representation by Nash, Railsback, and Plesser. A court order prohibited the State from using any of the recovery to pay attorney's fees. At the time of recovery, the State owed the law firm a total of \$725,242.93. Thereafter, the State made payment to the law firm using sums available for administrative expenses in other energy overcharge recoveries, thus bringing down the remaining balance to \$363,450.27. The sum appropriated by this bill includes the \$363,450.27 plus interest of \$86,043.52.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3574, 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. 2316 Judiciary on H.B. No. 2092

The purpose of this bill is to increase the mileage fee paid to jurors in compensation for the miles traveled to and from court for each day of court attendance and to appropriate funds to pay for the increase in fees.

Your Committee recognizes that the current mileage fee was established in 1973 and should be increased to ease the burden of extra out-of-court expenses borne by jurors to reflect increases in travel costs.

Your Committee has amended this bill by increasing the mileage fees to 33 cents per mile which is the present amount of reimbursement under collective bargaining agreements for state employees traveling on state business.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2092, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2092, 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 George.

SCRep. 2317 Corrections on Gov. Msg. No. 158

Recommending that the Senate advise and consent to the nomination of JAY A. SASAN to the Hawaii Criminal Justice Commission, for a term ending June 30, 1989.

Signed by all members of the Committee.

SCRep. 2318 Agriculture, Energy and Ocean Resources on S.R. No. 4

The purpose of this resolution is to urge the (1) establishment of the National Oceanic Atmospheric Administration (NOAA) as an independent agency of the government; (2) enactment of a National Seabed Hard Minerals Act; and (3) review and consideration of the Western Legislative Conference's report.

This request is part of a set of actions being taken by the states of Alaska, California, Hawaii, Oregon and Washington, and the Pacific territories of American Samoa, the Commonwealth of the Northern Mariana Islands and Guam; known collectively as the Pacific States. The actions project a collective voice of shared interests and concerns.

Presently NOAA's responsibilities include marine mammal protection, the administration of the national marine fisheries service, the weather service, coastal zone management, ocean research and other marine programs. In addition, the establishment of the United States exclusive economic zone (EEZ) added a new dimension and increased importance to NOAA's ocean research and monitoring programs and to the related meteorological program. The Department of Business and Economic Development (DBED) testified that the reorganization of NOAA into a new independent cabinet level agency would give the agency the attention and autonomy that is warranted and would enable the agency to carry out its vital functions in a coordinated and efficient manner.

With regard to the management of ocean resources, your Committee finds there is a need for a management regime which has the capacity to adequately address the use and development of hard minerals in concert with other ocean resources. This resolution urges the enactment of the National Seabed Hard Minerals Act.

Finally, the Ocean Resources Committee of the Western Legislative Conference, composed of legislators from the states and territories known as the Pacific States, has compiled a report called: Pacific States and Territories Ocean Agenda: Managing a Vast Resource Frontier, which includes numerous findings and recommendations concerning a comprehensive ocean policy. Urging Congress to review and consider the findings and recommendations will assist in the drafting of new legislation to guide future management and use of ocean resources.

Your Committee, upon the recommendation of the Office of State Planning, has amended the resolution by clarifying the second **BE IT FURTHER RESOLVED** clause to support joint state-federal management and also allow the states to share in any revenues derived from the development of adjacent EEZ ocean resources consistent with the associated risks, including equitable shares of any rents, royalties or bonus payments.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.R. No. 4, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 4, S.D. 1

Signed by all members of the Committee.

SCRep. 2319 Agriculture, Energy and Ocean Resources on S.R. No. 5

The purpose of this resolution is to request the United States Congress to establish a postal inspection program to halt the mailing of parcels containing fruit fly infested fruits from Hawaii to the mainland United States.

Your Committee finds that people in Hawaii often mail fruits to friends and relatives on the mainland and unbeknownst to the senders the fruits are often infested with fruit flies. This resolution provides protection of the mainland U.S. from invasion of Hawaii's species of fruit flies, but does not provide a reciprocal protection to Hawaii from the introduction of mainland fruit flies.

The Department of Agriculture (DOA) testified that if a postal inspection program is to be implemented to halt mailing of fruit fly infested fruits, the inspection service should include mailings from the mainland U.S. to Hawaii as well as from Hawaii to the mainland. This resolution has been amended to provide reciprocal protection.

The DOA further testified that legislation is currently being reviewed by the U.S. Congress addressing this concern. U.S. House Resolution 1986, relating to the inspection of first-class mail to prevent the introduction of destructive plant and animal diseases, noxious weeds and pests, including fruit flies, provides for the inspection of first-class mail parcels suspected to contain plant and animal products from all domestic and foreign areas, and permits Hawaii plant quarantine inspectors, in collaboration with U.S. Department of Agriculture inspectors, to conduct such inspections. Since the U.S. Congress is already addressing the issue of a postal inspection program to halt the spread of pests, including fruit flies, via first-class mail parcels, the DOA recommended that this resolution be amended to support U.S. House Resolution 1986.

Your Committee, upon consideration, has adopted the recommendations of the DOA and has amended the title and resolution accordingly.

Your Committee on Agriculture, Energy and Ocean Resources 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.

SCRep. 2320 Agriculture, Energy and Ocean Resources on S.R. No. 36

The purpose of this resolution is to request Congress to enact legislation requiring registration of any artificial island, installation, structure, or vessel engaged in economic activity in the United States Exclusive Economic Zone (EEZ).

President Reagan proclaimed establishment of the EEZ in 1983, giving the United States sovereign rights to explore, exploit, conserve and manage the natural resources of the waters superadjacent to the seabed and its subsoil, and to produce energy from water currents and wind.

Registration of artificial islands, installations, structures, and United States flag vessels would (1) be completed with the coastal state from whose shore line the EEZ is derived; and (2) confer state sovereignty over these entities, except when sovereignty is reserved for the federal government by the United States Constitution or is limited by international law.

Your Committee finds that the Congressional action requested in this resolution would give a coastal state more control over activities within its EEZ, thereby enabling the state to better control activities which have a potential economic and environmental spillover effect.

Your Committee has amended this resolution on the recommendation of the Department of Business and Economic Development by removing the term "semi-permanent" in the fourth WHEREAS clause and replacing it with the term "effectively permanent." In addition, a portion of the third BE IT RESOLVED clause was deleted on the basis that its meaning was unclear.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.R. No. 36, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 36, S.D. 1.

Signed by all members of the Committee.

SCRep. 2321 Agriculture, Energy and Ocean Resources on S.C.R. No. 4

The purpose of this concurrent resolution is to request the United States Congress to establish a postal inspection program to halt the mailing of parcels containing fruit fly infested fruits from Hawaii to the mainland United States.

Your Committee finds that people in Hawaii often mail fruits to friends and relatives on the mainland and unbeknownst to the senders the fruits are often infested with fruit flies. This concurrent resolution provides protection of the mainland U.S. from invasion of Hawaii's species of fruit flies, but does not provide a reciprocal protection to Hawaii from the introduction of mainland fruit flies.

The Department of Agriculture (DOA) testified that if a postal inspection program is to be implemented to halt mailing of fruit fly infested fruits, the inspection service should include mailings from the mainland U.S. to Hawaii as well as from Hawaii to the mainland. This concurrent resolution has been amended to provide reciprocal protection.

The DOA further testified that legislation is currently being reviewed by the U.S. Congress addressing this concern. U.S. House Resolution 1986, relating to the inspection of first-class mail to prevent the introduction of destructive plant and animal diseases, noxious weeds and pests, including fruit flies, provides for the inspection of first-class mail parcels suspected to contain plant and animal products from all domestic and foreign areas, and permits Hawaii plant quarantine inspectors, in collaboration with U.S. Department of Agriculture inspectors, to conduct such inspections. Since the U.S. Congress is already addressing the issue of a postal inspection program to halt the spread of pests, including fruit flies, via first-class mail parcels, the DOA recommended that this concurrent resolution be amended to support U.S. House Resolution 1986.

Your Committee, upon consideration, has adopted the recommendations of the DOA and has amended the title and concurrent resolution accordingly.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.C.R. No. 4, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 4, S.D. 1.

Signed by all members of the Committee.

SCRep. 2322 Agriculture, Energy and Ocean Resources on S.C.R. No. 30

The purpose of this concurrent resolution is to request Congress to enact legislation requiring registration of any artificial island, installation, structure, or vessel engaged in economic activity in the United States Exclusive Economic Zone (EEZ).

President Reagan proclaimed establishment of the EEZ in 1983, giving the United States sovereign rights to explore, exploit, conserve and manage the natural resources of the waters superadjacent to the seabed and its subsoil, and to produce energy from water currents and wind.

Registration of artificial islands, installations, structures, and United States flag vessels would (1) be completed with the coastal state from whose shore line the EEZ is derived; and (2) confer state sovereignty over these entities, except when sovereignty is reserved for the federal government by the United States Constitution or is limited by international law.

Your Committee finds that the Congressional action requested in this concurrent resolution would give a coastal state more control over activities within its EEZ, thereby enabling the state to better control activities which have a potential economic and environmental spillover effect.

Your Committee has amended this concurrent resolution on the recommendation of the Department of Business and Economic Development by removing the term "semi-permanent" in the fourth WHEREAS clause and replacing it with the term "effectively permanent." In addition, a portion of the third BE IT RESOLVED clause was deleted on the basis that its meaning was unclear.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.C.R. No. 30, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 30, S.D. 1.

Signed by all members of the Committee.

SCRep. 2323 Agriculture, Energy and Ocean Resources on S.R. No. 3

The purpose of this resolution is to address the application of satellite technology to the fishing industry; the restoration of Federal funds to the Regional Aquaculture Center Program; and the expansion of Pacific Island representation in the Regional Center Board and its Committees.

This resolution:

- (1) Urges Congress to establish a pilot program to provide the United States fishing industry with fisheries aid products which utilize satellite observations of the ocean surface;
- (2) Urges Congress to require the National Oceanic and Atmospheric Administration (NOAA) to operate the pilot program in cooperation with the appropriate states;
- (3) Supports the restoration of funding for the U.S. Department of Agriculture Regional Aquaculture Center Program;
- (4) Supports the Governor of Guam's request to have a board member from Guam included in the Aquaculture Regional Center for Hawaii and to expand representation on committees to include the Commonwealth of Northern Mariana Islands and all U.S. affiliated Pacific Islands; and
- (5) Supports the efforts of Guam to seek appropriate federal funding for the Guam aquaculture development and training center.

This resolution is one of a set of actions being taken by the states of Alaska, California, Hawaii, Oregon, and Washington and the Pacific territories of American Samoa, the Commonwealth of the Northern Mariana Islands and Guam; known collectively as the Pacific States. The actions seek a decision-making partnership with the federal government that would allow states an authoritative voice as well as derive economic benefits from offshore development activities in the exclusive economic zone. Participation in ocean resource development is sought.

The research, development and implementation of satellite technology in the Pacific region could greatly enhance the fishing industry. Your Committee believes federal support for the application of satellite technology for the fishing industry is timely and in order.

Your Committee received testimony from the Department of Land and Natural Resources and the Center for Tropical and Subtropical Aquaculture with the University of Hawaii and the Oceanic Institute stating that the request for restoration of funds for the Regional Aquaculture Center is no longer necessary since the center has already secured funds for fiscal year 1988. Your Committee has therefore amended the title and resolution to state the objectives more clearly and in conformance with recommended drafting style.

In regard to the membership of the Regional Aquaculture Center Board of Directors, presently there is only one representative for the American Pacific Islands. Your Committee, in concurrence with the Department of Land and Natural Resources, believes that Board-level representation should be afforded to all Pacific Island groups, and has amended the resolution accordingly.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.R. No. 3, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 3, S.D. 1.

Signed by all members of the Committee.

SCRep. 2324 Agriculture on H.B. No. 2042

The purpose of this bill is to provide funds for and to offset costs for research performed by the sugar industry.

This bill appropriates \$3,000,000 for sugar research and development in fiscal year 1988-1989, provided that the Hawaiian Sugar Planters' Association matches the appropriation dollar for dollar.

Your Committee received favorable testimony from the Department of Agriculture and the Governor's Agriculture Coordinating Committee. The sugar industry is the largest agriculture industry in Hawaii and has experienced financial difficulty in recent years primarily due to unfavorable national and international sugar politics and policies. The adverse effects of losing the sugar industry would be catastrophic to the State.

Your Committee finds that it is in the public interest to provide research funds to the sugar industry and thereby offset some of the industry's costs.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 2042, 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. 2325 Agriculture, Energy and Ocean Resources on H.B. No. 2179

The purpose of this bill is to diversify the economic base of this State by encouraging aquaculture development in Hawaii.

This bill appropriates funds to conduct research on nori and other economically important marine species at the Natural Energy Laboratory of Hawaii that will contribute towards the development of commercial nori culture techniques in Hawaii.

Favorable testimonies were heard from the Department of Land and Natural Resources, the University of Hawaii, the Royal Hawaiian Sea Farms and their marine consultant. The testimonies focused on the great commercial potential of this research and on the contribution towards the diversification of economic development in Hawaii.

Your Committee has amended the bill to appropriate the sum of \$115,000 for fiscal year 1988-1989 for nori research.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 2179, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2179, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2326 Agriculture, Energy and Ocean Resources on S.R. No. 2

The purpose of this resolution is to request the Congress of the United States to amend the federal Coastal Zone Management Act (CZMA) to further specify the federal consistency provision through the passage of H.R. 1876.

This resolution specifically urges the Congress to amend the federal CZMA, urges the U.S. Secretary of Commerce not to initiate decertification of the state coastal management programs on the grounds that a state opposes selected offshore oil and gas exploration, and urges the Congress to investigate the U.S. Commerce Department's procedures for evaluating state coastal management programs.

This resolution is part of a set of actions being taken by the states of Alaska, California, Hawaii, Oregon and Washington, and the Pacific territories of American Samoa, the Commonwealth of the Northern Mariana Islands and Guam; known collectively as the Pacific States. The actions seek a decision making partnership with the Federal government that would allow states an authoritative voice as well as derive economic benefits from the offshore development activities in the exclusive economic zone.

Favorable testimony was received from the Department of Business and Economic Development (Department). The Department notes that while in Hawaii, with few exceptions, the Federal-State partnership called for in the consistency provisions of the CZMA has worked well, Congressional clarification of the act appears crucial to avoid future, unnecessary Federal-State conflicts.

Your Committee finds that recent U.S. Supreme Court decisions have restricted the states' ability to participate in the Federal decision making on such issues as oil and gas leasing. Thus the authority of Pacific States to govern ocean and coastal resources has weakened. The need to urge national legislation to strengthen the "consistency" provision in the CZMA is evident. State authority in other Federal programs such as the proposed mineral mining bill would also otherwise be restricted.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.R. No. 2, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2327 Consumer Protection and Commerce on H.B. No. 3593

The purpose of this bill is to extend the existence of the Compliance Resolution Fund and create a consumer information and education program in the Department of Commerce and Consumer Affairs.

The Compliance Resolution Fund, which was created in 1982 to expedite consumer complaints relating to the regulated industries programs, is scheduled to expire on July 1, 1991. This bill would extend the Fund until July 1, 2001. In addition, this bill will enable the Department to employ a public information officer to coordinate the informational and educational aspects of the Department's mission.

Your Committee finds that extension of the Compliance Resolution Fund is necessary to maintain continuity of fee collections, which are made biennially. Postponing such action even one year would cause collection problems as early as the 1989 biennial renewal period. Your Committee further finds that creation of a program to inform and educate the

public regarding the Department's activities will increase the ability of the Department to carry out its policies and objectives.

Your Committee has amended this bill as follows:

- (1) Added a new Section 2 changing the reference to Section 26-9(m) in Section 514A-95(c), Hawaii Revised Statutes, to Section 26-9(n), to be consistent with Section 1 of the bill;
- (2) Deleted old Section 2, which served no practical purpose in relation to the purpose of this bill; and
- (3) 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. 3593, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3593, 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 Fernandes Salling, Matsuura and A. Kobayashi.

SCRep. 2328 Consumer Protection and Commerce on H.B. No. 2398

The purpose of this bill was to appropriate \$50,000 for the Legislative Auditor to study the provisions of H.B. No. 2398 as introduced.

H.B. No. 2398 proposed to establish a structure and procedures by which the Insurance Commissioner could ensure that casualty insurance is available in Hawaii at reasonable rates.

Your Committee finds that such a study would most likely reiterate previously stated concerns, and that the issue of the availability, cost, and effectiveness of natural disaster and homeowners' protection insurance, especially in light of recent natural disasters and Hawaii's precarious location in the geographic center of hurricanes, tidal waves, and other types of storms and natural phenomena adverse to human life and property, is more appropriate at this time.

Therefore, your Committee has amended the bill by deleting Section 1 and rewriting Section 2 to appropriate \$50,000 for the Legislative Auditor to study natural disaster and homeowners's insurance in Hawaii.

Your Committee wishes to emphasize that this study should address, among other things, the following issues:

- (1) How and to what extent, if any, should the State become involved in the issue of natural disaster and homeowner's insurance coverage for its citizens?
- (2) Should the State form, or consider forming, a joint underwriting plan to address circumstances where a homeowner experiences a natural disaster and subsequently, after being paid by the insurance company, has his insurance terminated or not renewed?
- (3) Would such an underwriting plan potentially jeopardize mortgage loans?
- (4) If the insured truly has no economic relief when struck by natural disaster, does the State have an obligation to intercede financially or otherwise which should be set forth statutorily?
- (5) Should the Legislature prohibit nonrenewal or termination of insurance because a company has had to pay off on a policy?
- (6) If flood insurance were to become mandatory, should the State provide, as a matter of policy or otherwise, premium subsidies to qualified homeowners?
- (7) In considering state participation and legislation on the above matters, should a family's income be a factor for qualification, and if so, at what level and for which kinds of service?
- (8) Why are premiums for natural disaster insurance so high, and what can be done by the State and the Legislature to bring them down to levels which can be afforded by those homeowners who need such protection the most?
- (9) How much should the State contribute to establish a natural disaster and homeowner's insurance contingency fund, if such were to be deemed necessary and feasible?

Your Committee wishes to stress that these are merely guidelines and suggestions for examining the issue of natural disaster and homeowners' insurance, and that an area of great concern is the feasibility of establishing a joint underwriting plan.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2398, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2398, 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 Fernandes Salling, Matsuura and A. Kobayashi.

SCRep. 2329 Consumer Protection and Commerce on H.B. No. 3338

The purpose of this bill is to clarify that, in construing Section 480-2, Hawaii Revised Statutes (HRS), the courts in Hawaii must give consideration to, but are not bound to follow, rules, regulations and decisions of the Federal Trade Commission and federal courts.

Your Committee received testimony from the Office of Consumer Protection stating that when Chapter 480, HRS, was initially enacted, there was no experience on the state level upon which to base any decisions on unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce. Now, however, there is experience and state court decisions upon which to make determinations of law. These decisions should be the determining factors when it comes to policy decisions affecting this state.

This bill will preserve the reference to federal authority, but allow the Office of Consumer Protection and the courts to pursue Hawaii trends and to follow Hawaii law.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3338 and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Fernandes Salling, Matsuura and A. Kobayashi.

SCRep. 2330 Consumer Protection and Commerce on H.B. No. 3596

The purpose of this bill is to strengthen and clarify the administrative relationship between the Department of Commerce and Consumer Affairs and the Office of Consumer Protection, and to resolve areas of conflict or confusion in the field of consumer protection in Hawaii.

During the past year, the Department of Commerce and Consumer Affairs conducted an in-depth review of its mission and the activities of the Attorney General's Office relating to consumer protection. Most of the matters requiring resolution were handled administratively. This bill covers the few matters which require legislative action and will complete the process of moving the Office of Consumer Protection entirely into the Department of Commerce and Consumer Affairs.

Your Committee has amended the bill by adding a new Section 1 setting forth that the Legislature's intent in enacting this measure is to clarify the administrative relationship between the Department and the Office, and not to alter the day to day activities of the Office of Consumer Protection. Furthermore, this bill should not in any way disturb investigations begun at any time, or in any way limit the ability of consumers to obtain responses or damages due on account of any action taken by the Office of Consumer Protection.

Your Committee has also amended this bill by making technical changes to conform to recommended drafting technique.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3596, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3596, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Fernandes Salling, Matsuura and A. Kobayashi.

SCRep. 2331 Education on H.B. No. 2253

The purpose of this bill is to allow schools to retain records relating to school vandalism.

In cases of vandalism to school property, when the pupil and parent or guardian agree in writing with the principal on restitution, current law requires the principal to destroy all records and documents regarding the vandalism charges and hearings. However, where an agreement is not reached, the records and documents are preserved.

This bill would amend Sections 298-5 and 298-27, Hawaii Revised Statutes, by allowing the retention of all records relating to vandalism of school property regardless of whether restitution is agreed to or not.

Your Committee received supporting testimony from the Superintendent of Education. The testimony indicated that the department supports the bill and feels that it is consistent with good record keeping practices throughout the State. Schools should retain records and documents regarding the charges, hearings, and actions in the event any further action need be taken.

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

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2253, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2253, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2332 Consumer Protection and Commerce on H.B. No. 3305

The purpose of this bill was to repeal Chapter 423, Hawaii Revised Statutes, relating to dental service corporations, and add a new chapter requiring all dental service organizations offering prepaid dental insurance to be registered with the Department of Commerce and Consumer Affairs (DCCA).

DCCA would be authorized to establish rules relating to registration, renewal fees, investigation of violations, restraint of violations, and establishment of reserve requirements.

Your Committee, after considering testimony from the Hawaii Dental Association, DCCA, and Hawaii Dental Service, finds that it is appropriate for DCCA to be able to identify and monitor providers of prepaid dental insurance, with standby authority if problems arise. However, your Committee does not find it appropriate to repeal Chapter 423 in order to provide or retain consistent monitoring of dental service organizations. Therefore, your Committee has amended this bill as follows:

- (1) Restored Chapter 423;
- (2) Deleted the specific powers of the DCCA with respect to dental service organizations;
- (3) Added definitions of "dental service organization", "prepaid dental insurance", and "subscriber", to the new chapter on Dental Service Organizations;
- (4) Specified that all dental service organizations offering prepaid dental insurance shall file with DCCA an application for registration on a form prescribed by the Director, and provide copies of all disclosure materials to subscribers; and
- (5) Amended Section 423-1 by providing that dental service corporations must be comprised of at least fifty licensed dentists and dental surgeons.

Your Committee finds that this bill, as amended, will be consistent with Chapter 448, which prohibits corporations from engaging in the practice of dentistry unless certain requirements are met, and will protect consumers of dental services without the necessity of adding further extensive regulatory chapters and duties to the DCCA under the Hawaii Revised Statutes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3305, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3305, 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 Tungpalan.

SCRep. 2333 Public Utilities on H.B. No. 2379

The purpose of this bill is to ensure the availability of telephone relay services for the deaf and hearing-impaired.

This bill will support the widely held view that everyone has a natural and basic need to communicate. For many deaf and hearing-impaired people, the fulfillment of this need depends on an extra communication means, such as a telecommunication device for the deaf. These extra tools of communication have not always been readily available nor uniformly accessible, yet without them, hearing-impaired people are deprived of the right to fully participate in society.

Specifically, this bill provides that the Public Utilities Commission (PUC) shall implement a program to achieve relay services on a 24-hour basis for the hearing-impaired by July 1, 1989. Every public utility providing telephone services would be required to file a schedule of rates and charges with the PUC to determine a rate for relay services for the hearing-impaired.

Discussion with a telephone company has revealed that the initial cost of implementing the program with a surcharge would be approximately \$11,000 and an additional \$24,000 per year would be necessary to maintain it. Under the bill as received by your Committee, the burden of funding will be placed upon the telephone ratepayers, rather than the general public, thus making only a segment of our community responsible for financing this social service program.

Your Committee has amended this bill to provide a tax credit to compensate the telephone utilities for the provision of a telephone relay service. The utilization of this tax-credit is already part of the State's Lifeline program. Initial set-up cost would be approximately \$13,000; however, yearly maintenance costs would be minimal. More importantly, this will place the obligation of funding this program on the general public where it rightfully belongs.

In addition, your Committee has made technical changes which have no substantive effect.

Your Committee on Public Utilities is in accord with the intent and purpose of H.B. No. 2379, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2379, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2334 Public Utilities on H.B. No. 3299

The purpose of this bill is to fund a feasibility study regarding the deregulation of private coin-operated telephones, telephone-shared tenant services, and interisland telephone service. The study will also encompass the issue known in the telecommunications industry as "bypass".

In light of the State of Hawaii's desire to become involved in the telemarketing and high technology industries, it is imperative to gauge the effect deregulation of these services will have on the provision of communication services generally.

in terms of service level and rate structure.

Accordingly, your Committee intends that the study will include, among other issues, a thorough review of the impact on the local ratepayers with respect to costs and service levels. In addition, consideration should be given to the proposed change to "measured services" ratemaking as it relates to the issue of deregulating certain telecommunication services.

Your Committee on Public Utilities is in accord with the intent and purpose of H.B. No. 3299, 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. 2335 Housing, Hawaiian Programs and Natural Resources on H.B. No. 2018

The purpose of this bill is to appropriate funds for plans, design, equipment, and construction of infrastructure improvements on Hawaiian Home Lands.

The list of native Hawaiians entitled to use and occupy tracts of Hawaiian Home Lands for residential use is long and continues to grow. It is not uncommon to wait over two decades for residential lots.

From 1984 through 1986, the Department of Hawaiian Home Lands undertook a major initiative to accelerate the awarding of homestead lots to native Hawaiian beneficiaries. Of the 2,500 lots awarded, over 2,000 did not have the necessary roads, water, electricity, and drainage improvements to allow use by homesteaders. This bill will provide funds for necessary infrastructure improvements to make the lots usable as well as to open other lands for new homesteads.

Your Committee has amended this bill, as recommended by testimony provided by the Hawaiian Homes Commission, by inserting \$9.8 million as the amount to be appropriated.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 2018, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2018, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2336 Housing, Hawaiian Programs and Natural Resources on H.B. No. 748

The purpose of this bill is to appropriate funds for the purchase of Waipio Valley.

As received by your Committee, the amount to be appropriated is \$1.00, to be expended by the Department of Land and Natural Resources.

Your Committee heard testimony from Moani Akaka, an Office of Hawaiian Affairs Trustee, recognizing Waipio Valley as an historic site, where commercial development should not be allowed.

Your Committee has amended this bill by changing its effective date to July 1, 1988, and by changing the appropriation to a blank amount.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 748, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 748, 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 Matsuura.

SCRep. 2337 Housing, Hawaiian Programs and Natural Resources on H.B. No. 2026

The purpose of this bill is to appropriate funds for the acquisition of three federal fee land parcels within the Kapalama Military Reservation on Oahu from the federal government.

As the Honolulu urban area continues to rapidly develop, parcels located along the waterfront will become more and more valuable in the near future as competition increases for the shrinking acreage of usable lands for expansion. Among the most attractive lands are four properties within the Kapalama Military Reservation that should be designated for long-term use by the State. Three of these properties are federal fee lands; the fourth property is ceded land.

Your Committee finds that the three land parcels within the Kapalama Military Reservation represent the largest, contiguous area available for waterfront industrial uses in the vicinity of Honolulu Harbor. The State's acquisition of these properties would constitute a wise investment with long-term benefits to the general public and is essential to meeting Hawaii's long-range maritime needs, as well as to expand options to development of the Honolulu waterfront.

Your Committee has amended this bill by inserting \$60 million as the amount to be appropriated for purchase of the three land parcels.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 2026, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2026, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2338 Health on H.B. No. 2553

The purpose of this bill is to appropriate \$150,000 for fiscal year 1988-1989 to subsidize liability insurance premium payments for certain obstetricians and gynecologists designated by the Insurance Commissioner.

Your Committee finds that in certain rural communities the cost of liability insurance for OB-GYN's could jeopardize the availability of such medical services. Your Committee also wishes to emphatically point out that liability insurance premiums for OB-GYN practitioners has risen a whopping 66 percent since August 1, 1987, making it an immediate public need that this subsidy be approved.

Your Committee has amended the bill by correcting the spelling of "purpose" on line 6.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2553, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2553, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2339 Health on H.B. No. 2797

The purpose of this bill is to provide authority to the Department of Health to implement the requirements of the Asbestos Hazard Emergency Response Act of 1986 (AHERA), Public Law 99-519.

Under AHERA, the State is to establish an accreditation plan covering inspectors, management planners, and persons who design or carry out removal of materials containing asbestos from school buildings. This bill is also intended to authorize the Department of Health to require accreditation when the inspection, planning, and design or removal of materials containing asbestos is from any public or private building.

Your Committee heard testimony from the Department of Health and finds that this bill would give the State the authority to set up a state plan for the accreditation of the specially trained personnel required by the Environmental Protection Agency (EPA) to conduct inspections for asbestos, develop asbestos management plans, and to design asbestos abatement projects in Hawaii's schools and possibly in public buildings at a later date.

Your Committee has amended the bill by clarifying in Section 5 that the Department shall adopt rules pursuant to Chapter 91 to implement Section 3, and by adding an appropriation of \$54,000 to the Department to carry out the purposes of the bill.

Your Committee wishes to note that the federal EPA has already developed a national accreditation plan but each state is still required to develop its own plan which shall be at least as stringent as the federal standards.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2797, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2797, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2340 Government Operations on H.B. No. 2440

The purpose of this bill is to repeal Chapter 221, Hawaii Revised Statutes, which established the Commission on the Year 2000.

This bill also transfers all records, files, contracts, books, papers, documents, maps, and other property of the Commission to the State Archives.

The Commission on the Year 2000 was created in 1970, to study the impact of technological and social changes on Hawaii, anticipate Hawaii's future, identify desired goals, recommend appropriate legislative and administrative actions to achieve these goals, and assist community groups concerned with Hawaii's future. The Commission completed its work, published its ninth annual report and ceased operations in 1981.

Your Committee gratefully recognizes the substantial success of the Commission in promoting awareness of the need to plan and work for a preferred future. Evidence of the Commission's impact includes the newly established Office of State Planning, which will continually address emerging issues and opportunities, and the Hawaii State Plan, which was enacted to serve as a guide for long range development of the State and to establish a statewide planning system for the achievement of the community's goals and objectives. Your Committee also finds it most appropriate to transfer all the materials to the State Archives.

Your Committee heard testimony, in support of the companion Senate Bill No. 2043, from the Department of Business and Economic Development.

Your Committee has made a nonsubstantive amendment to the bill by inserting the word "with" between the words "worked" and "the" on line 1, page 2 of the bill.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 2440, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as the H.B. No. 2440, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2341 Government Operations on H.B. No. 2439

The purpose of this bill is to repeal Chapter 503, Hawaii Revised Statutes (HRS), which allows for the gubernatorial appointment of commissioners of deeds for the purpose of administering oaths and taking depositions, affidavits, and acknowledgements of deeds and other instruments to be recorded in the State.

Your Committee, having considered the companion Senate Bill No. 2037, finds that no commissioners have been appointed since the original passage of the law in 1915. Their putative role has been met satisfactorily by notaries public and members of the United States Consular Corps, rendering Chapter 503, HRS, obsolete.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 2439 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2342 Government Operations on H.B. No. 2438

The purpose of this bill is to repeal Part XII of Chapter 321, Hawaii Revised Statutes, which regulates the safety glazing of glass used in building construction.

Your Committee, having considered the companion Senate Bill No. 2042, finds that the regulation of safety glazing of glass is best left to the counties. Your Committee recognizes that the overwhelming majority of laws regulating the construction of buildings and structures are contained in county building codes and agrees that this exception is illogical and unwarranted.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 2438 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2343 Government Operations on H.B. No. 2380

The purpose of this bill is to increase accessibility for the handicapped to public buildings.

This bill amends Section 103-50, Hawaii Revised Statutes (HRS), to provide for braille characters in addition to standard alphabet characters and numbers on the control panels of elevators in operation and intended for use by the public or by physically handicapped persons in public buildings and facilities of the State.

The control panels of elevators in most State buildings do not have braille characters. This bill will alleviate problems faced by independent blind individuals who encounter elevators, especially those in large public buildings, that have no braille control characters and therefore are not usable without sighted assistance.

Your Committee, upon consideration, has amended the bill by:

- 1) Updating the building and facility standards in Section 103-50, HRS, to conform to the Uniform Federal Accessibility Standards, prescribed under the authority of the Architectural Barriers Act of 1968 rather than the American Standards Specifications for Making Buildings and Facilities Accessible to and Usable by the Physically Handicapped;
- 2) Adding a waiver provision whereby the Governor, in the case of a state project, or the Mayors, in the case of a county project, can waive one or more of the UFAS accessibility standards;
- 3) Deleting all the new material and creating a new subsection directing the use of braille and tactile characters in new and existing public passenger elevators in State buildings;
- 4) Changing the amount appropriated from \$30,000 to \$200,000; and
- 5) Amending the effective date to provide that Section 3 of the bill take effect on July 1, 1988.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 2380, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2380, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2344 Government Operations on H.B. No. 2006

The purpose of this bill is to establish a temporary statewide fair access commission.

This bill appropriates \$500,000 for the establishment of a statewide fair access commission within the Office of the Governor, to review the access to government activities and processes available and to explore various means by which the quantity and quality of such access can be improved. The Commission shall also report its findings to the 1989 session of the Legislature and shall cease operations on June 30, 1991.

Your Committee, having previously considered S.B. No. 2753, believes that a fair access commission can help to ensure that neighbor island residents have sufficient access to allow full participation in government decision making and have access to all necessary information on a timely basis.

Your Committee has amended the bill by:

- (1) Limiting the commission membership to neighbor island residents only;
- (2) Terminating the commission on June 30, 1989;
- (3) Deleting the specific amount appropriated and leaving a blank appropriation to be filled in by the Committee on Ways and Means; and
- (4) Making nonsubstantive changes for style and clarity purposes.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 2006, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2006, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2345 Human Services on H.B. No. 2055

The purpose of this bill is to establish a demonstration project to provide transitional child care, health care, and housing benefits for welfare families when welfare benefits are terminated because of acquired employment.

Currently, many families receive aid to families with dependent children (AFDC) and general assistance (GA) because of unemployment. These benefits are reduced according to the amount of income received by any newly acquired employment. Also, newly employed parents may require child care services which can be costly. As a result, oftentimes parents find their family's income and other welfare benefits are greatly reduced, particularly when employment is at a minimum wage level, to the point where it was more beneficial to remain unemployed and to continue receiving welfare. This becomes a vicious cycle of dependence at continued great cost to the state. This bill creates incentives to seek employment and to make the successful transition to economic self-sufficiency.

Your Committee received supporting testimony from the Departments of Human Services, Health, and Labor and Industrial Relations, the Office of Children and Youth, the Single-Parent Family Advocacy Network, the Legal Aid Society, the National Association of Social Workers, Hawaii Healthy Mothers, Healthy Babies, and the Honolulu Community Action Program and finds this bill attempts to break the welfare dependency cycle and supports families in achieving economic self-sufficiency. Many parents making the transition from public assistance to the workforce often work for low wages until they gain needed experience and expertise warranting higher wages. During this critical transition, parents too often find that they cannot support their families on wages alone. They want to work, but their motivation is drastically reduced when they realize they were better off financially when receiving public assistance.

The bill provides for short-term child and health care and housing benefits so that these struggling parents can take care of their families while reaching full economic self-sufficiency. Families will grow in self-esteem and emotional and physical well-being by gaining and retaining employment while assuring their children are cared for and have medical coverage. The bill is perhaps one of the most significant proposals to end decades of welfare dependency.

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

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 2055, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 2055, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2346 Human Services on H.B. No. 3496

The purpose of this bill is to appropriate funds to compensate the victims of certain crimes or the dependents of the deceased victims.

This companion bill to S.B. 3169 appropriates \$557,809.91 out of the general revenues of the State of Hawaii to the Criminal Injuries Compensation Fund to compensate victims of certain crimes or the dependents of the deceased victims who received awards in 1987. The funds also are used to indemnify private citizens for personal injuries or personal damages suffered in the prevention of criminal activity or the apprehension of criminals. The awards are for out-of-pocket medical costs, loss of earning power, funeral and burial expenses, and pain and suffering.

Your Committee received supporting testimony from the Department of Corrections and the Prosecuting Attorney of the City and County of Honolulu and finds that the bill helps assure the timely payment of awards to crime victims. Delays of payments in the past to victims have caused severe hardships to those with unpaid medical bills or funeral expenses.

Some doctors, hospitals, and most collection agencies do not soften their collection efforts simply because the patient was the victim of crime or was injured preventing crime. The timely appropriation of funds will help victims avoid unnecessary additional trauma.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 3496 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. 2347 Human Services on H.B. No. 2851

The purpose of this bill is to provide periodic orientation and training to those responsible for making child abuse and neglect reports.

The bill adds a new section to Chapter 350, Hawaii Revised Statutes, directing the Department of Human Services to offer periodic orientation and training to those responsible for making child abuse and neglect reports pursuant to Section 350-1.1. The bill amends Section 350-1.1 to include employees of any public or private agency providing recreational or sports activities as persons responsible for making child abuse and neglect reports. Finally, the bill directs the Attorney General to develop a plan to perform criminal history checks on applicants to operate a child care facility, and on any prospective or new employees of the applicants.

Your Committee received supporting testimony from the Departments of Human Services and Health, the Attorney General, and the Office of Children and Youth and finds the bill will improve the identification of child abuse and neglect. Training and orientation are important components for casefinding of children who are in need of protective services. Casefinding of children needing protection is most effective when members of the community contribute by bringing the children to the attention of the Department of Human Services. Educational efforts will enhance the protection of children by training those responsible for the reporting of suspected cases of child abuse and neglect to the Department of Human Services or the police.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 2851, H.D. 3, 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. 2348 Human Services on H.B. No. 3219

The purpose of this bill is to appropriate \$150,000 for a respite program for those caring for the elderly.

Hawaii's elderly population is growing rapidly with an estimated fifty percent attaining seventy-five years of age by the year 2000. The major factor causing the institutional placement of the elderly is the "burnout" of the family caused by the demanding task of continuous 24 hour care of the elderly without relief and support for the family. This bill appropriates \$150,000 to fund a statewide respite program for family caregivers.

Your Committee received supporting testimony from the Executive Office on Aging and finds that unless the caregivers' efforts are acknowledged, supported, and sustained, not only will the elderly be affected, but the emotional and physical stresses on the family will take a catastrophic toll. The cost to society will ultimately be enormous. At the core of supporting the family caregivers and the elderly is respite services.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 3219 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. 2349 Human Services on H.B. No. 2732

The purpose of this bill is to require notification to victims of criminal injuries or their dependents of their option to have payments made on their behalf to other designated persons.

Currently under Section 351-62.5, Hawaii Revised Statutes, the Criminal Injuries Compensation Commission makes award payments to the victim, to dependents of the deceased victim, or to other persons who have suffered pecuniary loss or incurred expenses on account of hospital, medical, funeral, or burial expenses due to a victim's injury or death. This bill amends Section 351-62.5 by requiring the notification to victims of criminal injuries or their dependents of their option to have payments made on their behalf to other designated persons.

Your Committee received supporting testimony from the Department of Corrections and the Prosecuting Attorney and the Police Department of the City and County of Honolulu and finds that the bill will provide eligible victims with pertinent information about the Criminal Injuries Compensation Fund.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 2732, 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. 2350 Human Services on H.B. No. 3141

The purpose of this bill is to encourage the development of adult day health centers.

This bill establishes an adult day health special fund which is to be administered by the Department of Health. The State would appropriate money to the fund, which would be used to provide grants for the development of adult day health centers.

This bill also appropriates \$500,000 to be paid into the adult day health special fund.

The Executive Office on Aging testified that adult day health care fills an important slot in the continuum of care for persons with functional disabilities by offering a program that delivers health care services in a centralized location during the day and by allowing participants to return home in the evenings. This kind of community based service not only represents a cost savings over institutionalization, but also accommodates the wishes of most older persons to live at home.

Your Committee also received testimony from the American Association of Retired Persons in support of this bill.

Your Committee finds that the establishment of an adult day health special fund would stimulate the development and expansion of adult day health programs and thereby provide members of Hawaii's older population an alternative to institutionalization.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 3141, 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. 2351 Human Services on H.B. No. 3300

The purpose of this bill is to permit the enforcement of child support payments against an employee pension benefit plan until five years after the child reaches majority.

Under current law, it is difficult to enforce child support payments against private pension plans, especially self-employed plans. This bill adds a new section to Chapter 651, Hawaii Revised Statutes, to permit by a writ of execution without prior court approval, the enforcement of any judgment, order, or decree for the payment of child support against an employee pension benefit plan regardless of whether the plan has been joined as a party to the proceeding. The enforcement is valid until five years after the child reaches the age of majority, and thereafter, for amounts which are not more than ten years overdue.

Your Committee received supporting testimony from the Attorney General and finds that the bill provides an additional remedy for the collection of child support. Private pension plans, especially self-employed plans, have been used as shields against the proper enforcement of legal obligations to support children.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 3300, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 2352 Human Services on H.B. No. 2384

The purpose of this bill is to encourage Medicaid providers of institutional health care to retain licensed practical and registered nurses.

The bill requires the Department of Human Services to establish, with the approval of the federal government, a special add-on rate to the Medicaid reimbursement rate to any institution that can demonstrate that it has retained sixty percent of its nurses for five years or more.

Your Committee agrees that there is a shortage of skilled nurses, particularly at the acute care institutions, which has been a subject of widespread concern in the State for the past several years. This bill will encourage the retention of skilled staff and relieve personnel shortages, and will also serve to maintain a consistent level of quality services.

Your Committee has amended the bill by excluding nurses who are dependents of military personnel with limited tours of duty from being included in computing the sixty percent retention rate.

Your Committee has requested the Department of Human Services, the Department of Health, the Health Care Association, and the Hawaii Nurses Association to confer with each other to develop statutory language that will eliminate the possibility of unfair application to certain health care institutions. It is intended that further deliberation and resolution will be allowed before the enactment of this bill, so that an innovative plan can be implemented.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 2384, H.D. 1 as amended herein and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2384, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2353 Judiciary on H.B. No. 6

The purpose of this bill is to establish a "Bill of Rights" for victims and witnesses in criminal proceedings.

Your Committee held a public hearing on a similar bill, S.B. No. 2532 and received testimony from Victim/Witness Kokua Services of the City and County of Honolulu Prosecuting Attorney's Office and from the Judiciary in support of S.B. No. 2532. Accordingly, your Committee has amended the present bill by deleting Sections 2 through 6, inclusive.

Your Committee has further amended section -4 of the bill by adding a provision that victims and witnesses be informed of financial assistance and how to apply for such services. Finally, each county is made responsible for the enforcement of the rights enumerated in section -4.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 6, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 6, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2354 Judiciary on H.B. No. 3408

The purpose of this bill is to establish a Civil Rights Commission into which all enforcement responsibilities of the State's discrimination laws are to be consolidated.

This bill has gone through two revisions in the House of Representatives and has arrived in your Committee in the following form: first, the bill establishes a Civil Rights Commission to take effect on July 1, 1989; and second, it provides for a study concerning various aspects of enforcement of State discrimination laws.

As provided by the current draft of this bill, the Civil Rights Commission shall be composed of five members nominated and, with advice and consent of the Senate, appointed by the governor for staggered terms. The commission shall be established within the Department of Labor and Industrial Relations for administrative purposes only.

The powers and functions of the commission shall be to investigate and conciliate complaints of unlawful discriminatory practices under existing state laws, to commence civil action in circuit court, and to issue the right to sue to the complainant. Other duties include public education of unlawful discriminatory practices and annual reports to the Governor and Legislature. The bill also provides for a penalty of not more than 90 days imprisonment for interference with the duties of the commission.

Further, the bill provides for a study to be jointly conducted by the Department of Labor and Industrial Relations and the Department of Commerce and Consumer Affairs, with the assistance of the Legislative Reference Bureau and the Legislative Auditor. The study is for the purpose of recommending to the Legislature a statutory mechanism for the establishment of a systematic and uniform procedure, a plan to meet the staffing requirements for the commission to carry out its duties, and a plan for the orderly transition of enforcement powers from the present agencies and departments to the commission. The study is to be completed before the commencement of the Regular Session of 1989, Fifteenth Legislature.

Your Committee held a public hearing and heard testimony from the Department of Labor and Industrial Relations, the Office of Hawaiian Affairs, the Commission on the Handicapped, Hawaii State Commission on the Status of Women, City and County of Honolulu Committee on the Status of Women, American Civil Liberties Union of Hawaii, Catholic Charities of the Diocese of Hawaii, Inter-Agency Council for Immigrant Services, ILWU Local 142, YWCA of Oahu, United Filipino Council of Hawaii, American Friends Service Committee, Na Loio no na Kanaka (The Lawyers for the People of Hawaii), Samoan Service Providers Association, practicing attorneys, and numerous concerned citizens of Hawaii.

Presently, the enforcement responsibilities for the State's discrimination laws are established within the agencies and departments with the greatest expertise in each respective area. For example, the responsibility for the enforcement of laws pertaining to discriminatory employment practices is within the Department of Labor and Industrial Relations. The Legislature recognizes that this department works closely with both the employer and the employee in the enforcement of state laws not only as to discrimination, but also as to workers' compensation laws, wage and hourly compensation, child labor laws, disability insurance, medical insurance, and occupational safety, to name a few. Similarly, enforcement of discrimination in real property transactions is uniquely placed within the Department of Commerce and Consumer Affairs because of its expertise. Thus, there must be compelling reason for the Legislature to remove the jurisdiction to enforce the discrimination laws from these departments to the proposed Civil Rights Commission.

From the testimony received by your Committee, it is clear that there is wide support for a Civil Rights Commission. Your Committee finds that the primary grievance regarding the present enforcement practices is that state enforcement agencies are hampered in their delivery of services because of limited fiscal and personnel resources and lack of adequate training and knowledge of discrimination laws by enforcement personnel. Furthermore, there have been suggestions at the public hearing that there is discrimination within the state departments and agencies. This, indeed, is a very serious concern and your Committee finds that there must be a proper mechanism for the investigation and resolution of this grave problem without the appearance of conflict of interest.

It is the intent of this bill to strengthen the enforcement policies and procedures of the State's discrimination laws. Your Committee is in full agreement that this goal would be accomplished by creating a single authority which has as its primary mission the enforcement of the State's discrimination laws. The establishment of a Civil Rights Commission would facilitate the development of a staff with expertise in all discrimination laws, provide increased public awareness of the rights and remedies regarding discriminatory practices in this State, and provide a more accessible and efficient system of enforcement.

Notwithstanding the above, your Committee is concerned that the record presently lacks data as to the full degree and extent to which the State's discrimination laws are or are not being enforced. Your Committee therefore believes that the full extent, role, powers and functions of the commission should be established by the Legislature upon the completion and submission of such data and inventory of the State's discrimination laws by the Legislative Auditor.

Your Committee has made further amendments to the bill as follows. Although cumulative experience and continuity in office are desirable, your Committee has deleted the provision in § -2(a) which would "continue commissioners in office as long as efficiency is demonstrated". Your Committee finds that existing law provides a sufficient length of time for appointment and reappointment of the commissioners in order to insure continuity of efficiency within the commission. Section -3(1) and (2) have been amended by deleting the provisions relating to the commission's powers to conduct proceedings where conciliatory efforts are unsuccessful, to issue subpoenas, and to delegate powers to any member of the commission. Section -3(3) has been amended by providing the commission the power to recommend to the attorney general that a civil action be commenced to abate any unlawful discriminatory practice. Your Committee believes that the attorney general as the State's chief law enforcement officer should institute the appropriate court action for violation of the discrimination laws. Section -5 of the bill has been deleted.

Further, the purpose of the study has been expanded. The study shall also include a review of the statutory language creating the Civil Rights Commission. In addition, the study is to address the problem of alleged discrimination within state departments and agencies. It is the intent of your Committee that this interim study make recommendations that will provide for a sound basis for the structure and the operation of the Civil Rights Commission in accord with the intended purpose of this bill. Furthermore, although there was public testimony regarding various amendments to the statutory language establishing the Civil Rights Commission, it is the further intent of your Committee that the specific statutory provisions for a uniform enforcement procedure and the staffing requirements be developed after consideration of the recommendations made by the study.

Finally, an appropriation section is added to provide for funding for the study.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3408, H.D. 1, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3408, H.D. 1, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2355 Judiciary on H.B. No. 3549

The purpose of this bill is to establish an administrative services manager in the department of the attorney general.

Your Committee is in agreement with the intent of HSCR No. 810 relating to H.B. No. 3549.

Upon further review of the need for an administrative services manager, your Committee has amended the bill to include minimum qualifications. This position shall require that the administrative services manager possess a minimum qualification as having more than three years of managerial experience whether in the public sector or private sector and shall have a minimum of one year legal experience; or a minimum of three years management experience in a legal firm whether in the public sector or private sector.

The amendment to include minimum qualifications is to establish an experienced administrative services manager within the department of the attorney general. The Committee believes that to be effective the applicant must not only possess more than adequate managerial skills but also an understanding of the legal profession in general. As cited in the Legislative Auditor report entitled "A Study of the Legal Services Program of the Department of the Attorney General," dated Dec. 1986, "...there is no one within the department knowledgeable enough about departmental operations, cognizant about policy issues of the entire legal services program, and possessing the appropriate authority and responsibility, who can effectively advise and inform the Attorney General during the initial transitional period... More law firms, legal service agencies, and attorneys have begun to realize that an attorney's professional training does not usually include management or business training".

The administrative services manager will be placed within the administrative services office to oversee and manage the ten individuals involved in the areas of data processing, computer, auditing, fiscal, and personnel. However, because the scope of management extends beyond the administrative services office (e.g., the executive office, nine legal services divisions, two investigative and security divisions and the Hawaii Criminal Justice Data Center), your Committee has amended the bill to replace "one secretary for the administrative services manager" with language to ensure that the administrative services manager has the flexibility to hire the necessary staff.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3549, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3549 S.D. 1, and be referred to your Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2356 Judiciary on H.B. No. 2483

The purpose of this bill is to provide for a supplemental appropriation to the Judiciary for the 1988-89 fiscal year.

On February 19, 1988, your Committee reported out S.B. No. 2125, S.D. 1. At that time, based on your Committee's review, the Judiciary's operating and capital improvements supplemental request was significantly altered. H.B. No.

2483, H.D. 2, however, reflects the opposite end of the spectrum with respect to administrative accountability and planning. Where S.B. No. 2125, S.D. 1, reflects budget cuts primarily based on major policy discrepancies between the Judiciary and your Committee, H.B. 2483, H.D. 2 not only consents to the request for 35 additional positions and \$1.6 million but has added 14 positions and \$683,742 in general fund appropriations.

Your Committee on Judiciary has amended H.B. No. 2483, H.D. 2 to reflect S.B. No. 2125, S.D. 1.

Discussion

Upon review of HSCR No. 832-88 on H.B. No. 2483, H.D. 2, your Committee believes that although both HSCR No. 832-88 and SSCR No. 1840 have kept in mind the overall objectives and outcomes desired, based on the PPB system of the State, the conclusions reached are very different.

Less than 1 year ago SCR No. 899 on H.B. No. 49, H.D. 1, praised the concurrent positions taken by the House and Senate. From SCR 899 stated,

"Clearly both houses recognize the need to impose financial discipline on the Judiciary...Your Committee (on Finance) 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. Your Committee, however, is concerned that formulation of the Judiciary budget may have been performed without consideration of the realities of statewide resource limitations and with an inordinate level of credence in perceived needs."

It is that perceived need that purportedly justified the Arthur Young & Company report, "Organizational Review of the Administrative Support Services."

No Funding for Reorganization

As stated in SSCR 1840, your Committee believes that the findings and recommendations of the Arthur Young & Company's "Organizational Review of the Administrative Support Services" lack substantiation. This committee report intends to make it clear that no managerial positions, as recommended in the Arthur Young & Company report, will be authorized by this legislative body until the Judiciary can fully substantiate the need for these top level, high paying positions.

Management Review

Further review by your Committee has found among other things that the lack of: program evaluation, a clear relationship between planning and budgeting, sufficient conclusive justification for many requests, a clear budgeting process for temporary positions, and requests from the community to investigate the current operations of the Family Court system, further emphasize the need for a comprehensive review of management practices in the Judiciary. Therefore, your Committee recommends that the Legislative Auditor perform an operational and financial audit.

Your Committee remains adamant that the Judiciary must exercise more responsibility with respect to administrative management, planning, and budgeting. The recommendations made by the Legislative Auditor and the Citizen's Advisory Panel on Judicial Administration were all procedural or managerial in nature. There is no indication or implication that would suggest a reorganization is needed. Your Committee strongly believes that the reorganization of the judiciary's administrative support services will do little to solve the problems identified by either the Legislative Auditor or the Citizen's Advisory Panel.

Family Court

The increasing complexities and economic diversifications of present day society is obviously affecting the judicial system. Family Court being the most sensitive entity of the judicial system deserves special review. It is especially important that the Family Court run smoothly and without disruption since its function is to address problems within the basic unit of our society, the family. However, this year the need for improvement in the Family Court system is relatively absent from the supplemental budget with the exception of the Judiciary's request for a District Family Judge on Maui.

Your Committee received testimony from various members of the community, during an informational hearing on the Family Court, on the need to improve the present system. One of the major concerns from the public is that of the level of compassion, if not competence, of judges hearing Family Court cases. The public's concern is further amplified by the fact that there is no comprehensive selection process for Family Court judges and, perhaps more importantly, that there is no formal mechanism to evaluate Family Court judges. Your Committee strongly believes it is important to have compassionate, competent, and well trained judges in the Family Court system to fairly, , and serve the people. Funding for additional permanent District Family Court judges will be recommended when a more comprehensive and systematic program for selection and evaluation of Family Court judges is developed by the Judiciary or the Legislature.

Your Committee also recommends that a comprehensive study on the causes of the sudden increase in Family Court cases/incidents be conducted by a special Family Court panel, during the interim. It is important that we spend our resources on areas that not only include adjudication, but prevention, counseling, and probationary services as well. The special Family Court panel should also recommend a comprehensive integrated structural plan for the Family Court system in each county.

Purchase of Services

Cognizant of the immediate and ongoing need for services provided by private non-profit organizations especially in the area of abused spouses and children on the neighbor islands, your Committee has added \$443,892 for the purchase of service contracts in the family court program. \$193,107 will be used to implement programs on the Big Island, Molokai, and Oahu where presently none exists.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2483, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2483, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2357 Consumer Protection and Commerce on H.B. No. 2035

The purpose of this bill was to clarify ambiguities which have come to light since Chapter 431J, Hawaii Revised Statutes, has been in effect, and to set the premium tax for pure captive insurance companies at .25 percent and the premium tax for association and risk retention groups at one percent.

Your Committee has amended this bill by deleting all of the substance except for the amendments to Section 431J-2(g), Hawaii Revised Statutes, and Section 431:19-102(g), Act 347, Session Laws of Hawaii 1987, which authorize captive insurance companies to sell credit life insurance and credit disability insurance for their parent organizations.

Your Committee finds that this bill, as amended, will help to stimulate the newly authorized captive insurance industry in Hawaii without having a negative impact on Hawaii's domestic insurance industry. Since a captive would be restricted to providing credit insurance to its parent, it would not be in competition with conventional insurers offering credit life and disability insurance.

Your Committee is cognizant of the fact that this measure, as received, would grant preferential taxation treatment to captive insurance companies, while other insurance companies in Hawaii would be subject to the full measure of the state excise tax. Your Committee is also aware that the lower cost of insurance provided by a captive would most likely provide economic benefit only for the corporation utilizing the captive, and that this does not appear to your Committee to be justifiable solely from the standpoint of attracting new insurance business to the State. Perhaps the better solution would be to lower the premium tax for all insurers in Hawaii. In any case, your Committee hopes the next Committee will give appropriate consideration to these concerns and explore alternatives relating to taxation which would provide fair treatment to all insurance companies and be attractive to captives to the extent that they would consider locating in Hawaii.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2035, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2035, 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 Matsuura and Ikeda.

SCRep. 2358 Consumer Protection and Commerce on H.B. No. 3595

The purpose of this bill is to assist businesses in Hawaii in retaining the best possible individuals to serve on boards of directors.

The bill allows a corporation, by vote of its shareholders, to assume the personal liability of its directors.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs, the Hawaii Society of Corporate Secretaries, and others, and finds that this bill is in the best interests of Hawaii's businesses and constitutes a signal of the State's commitment to establishing a business climate which will encourage corporations to domicile and remain in Hawaii.

Your Committee has amended the bill by adding clarifying language and by providing that the word "assume", as used in the bill, means "take the place of". Your Committee finds that the word "assume" can be construed several different ways, and wishes to stress that it is intended to mean absorption of the collective directors' responsibility at the discretion of the corporation.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3595, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3595, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Fernandes Salling, Ikeda and A. Kobayashi.

SCRep. 2359 Consumer Protection and Commerce on H.B. No. 3304

The purpose of this bill is to amend the Insurance Code, Acts 347, 348, and 349, Session Laws of Hawaii 1987, to establish consistency in the application of the Code.

The bill would:

- (1) Require filing fees throughout the Code in instances where forms filed with the Insurance Division are reviewed and approved by the Division;

- (2) Provide for a penalty and possible revocation of a fraternal benefit society license in the event of late or non-payment of the license fee;
- (3) Require foreign or alien insurers to notify the Commissioner of name changes before the effective date of the change;
- (4) Permit the Commissioner to appoint a senior rate and policy analyst exempt from civil service requirements;
- (5) Make certain provisions of the Insurance Code applicable to title insurance and title insurers; and
- (6) Correct certain section references to the Code.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and finds that this bill is necessary to continue the appropriate recodification of the Insurance Code begun in 1987 with Acts 347, 348, and 349.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3304, H.D. 2, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Fernandes Salling, Ikeda and A. Kobayashi.

SCRep. 2360 (Majority) Tourism and Recreation on H.B. No. 3396

The purpose of this bill is to set forth two potential sites for a convention center.

Your Committee has amended the bill substantially as follows:

- (1) A new part I has been inserted. Part I:
 - (A) Establishes the orientation of the convention center as primarily for visitor events;
 - (B) Designates not more than twenty-five acres of the southeast corner of the Ala Wai golf course as the convention center site;
 - (C) Creates a convention center special fund and earmarks a portion of the transient accommodations tax to the special fund. From the fiscal year 1989-1990 through the fiscal year 1994-1995, \$25 million annually is to be transmitted to the special fund. For subsequent fiscal years, \$20 million is to be transmitted annually to the special fund, an amount sufficient to pay debt service charges for construction of and operating costs for the convention center. The higher initial amount is intended to fund the debt service charges and operating costs, as well as the costs of other off-site improvements deemed necessary under the Senate's plan;
 - (D) Requires plans, design, land acquisition, construction, and equipment for the convention center to be funded from the proceeds of the convention center special fund;
 - (E) Declares legislative intent to fund a rebuilding of the remainder of the Ala Wai golf course, improvements to surrounding infrastructure systems, and renovation of the Neal Blaisdell Center; and
 - (F) Provides for the supersession of county land use, planning, zoning, development, and construction laws and rules for the construction of the convention center only. This position is consistent with that held by the Senate last year. Your Committee finds that supersession will better serve the public interest by enabling the convention center to be constructed on a timely basis, resulting in the accrual of economic benefits to the State sooner. Your Committee also notes that the supersession does not extend to hotels, condominiums, or other private projects.

Part I is to take effect on July 1, 1989.

- (2) The provisions of the bill, as received, have been retained and designated as part II, with the following substantive changes:
 - (A) Substitutes the Aloha Motors site for the International Marketplace as one of the potential Waikiki convention center districts. The International Marketplace site is clearly too small for a quality convention center. More importantly, your Committee is sensitive to the problems which may be caused by displacement of the small businesses from the Marketplace. Your Committee does not wish to have on its conscience the elimination of the source of livelihood for the dependents of those small businesses, especially when a much better alternative for the convention center exists. The Aloha Motors site has been inserted since it seems consistent with the criteria of the House in selecting potential convention center districts;
 - (B) Requires the development and construction of the convention center and other improvements within the convention center district to be subject to and comply with the City and County of Honolulu's land use, planning, development, zoning, and building laws, standards, and permit processes;
 - (C) Prohibits tax expenditures which may accrue to a private developer from the development and construction of the convention center and other improvements. Since tax expenditures represent a cost to the public treasury and since the Governor and House propose an entirely privately funded convention center, your Committee deems appropriate the prohibition;

- (D) Prohibits the set aside of public lands for the convention center district and requires the conveyance or lease of state lands at fair market value. These amendments are intended to prevent an indirect subsidy to a private developer;
- (E) Requires the private developers to fully fund necessary off-site and on-site improvements to public facilities and the Blaisdell Center. The assessments are deemed consistent with the Governor's and House's stance that the convention center will be entirely privately funded; and
- (F) Requires at least sixty per cent of the residential units developed within the convention center district to be affordable to and reserved for low- and moderate-income families and persons. The Governor has attempted to impose a similar requirement on developers of housing projects in an effort to meet the large demand for affordable housing.

Part II becomes operational only upon legislative designation of a Waikiki convention center district. It, however, also includes a provision allowing the Governor or any other person to present a private financing proposal to the Legislature for consideration during the Regular Session of 1989. If the Legislature considers the proposal valid and feasible, the Legislature may choose to make part II operational by designation of a Waikiki convention center district and, correspondingly, repealing part I and the Ala Wai site designation. If, however, the Legislature does not find any of the proposals worthy and passes no law to make part II operational, the designation of the small portion of the Ala Wai golf course as the convention center site shall take effect.

Your Committee has stated in Senate Standing Committee Report Nos. 62 and 913 its reasons for designating a small portion of the Ala Wai golf course as the convention center site. The reasons have not changed, notwithstanding the alteration of the site from the westernmost portion of the golf course to the southeast corner because of a flood hazard. Your Committee summarizes the major reasons for its decision.

- (1) The land is owned by the State. Thus, no land acquisition costs will be incurred and the cost-benefit to the State of the convention center will be maximized;
- (2) No residents or businesses will be displaced. Furthermore, no recreational activity will be displaced. The remainder of the golf course can and will be rebuilt into an eighteen-hole course;
- (3) Given the visitor orientation of the convention center, the communities mauka of the Ala Wai canal will not experience a high degree of adverse impacts. Convention delegates will travel makai to mauka between the hotels of Waikiki and the convention center. Adverse impacts on Waikiki residents will be mitigated by improvements to infrastructure systems, which are programmed into the bill;
- (4) The Governor's recent convention center studies, when evaluated in-depth, critically, and objectively, support the designation of the Ala Wai site. As shown in the studies, the major detrimental social impacts and economic disadvantages of the Ala Wai site are attributable to accommodation of three to four 10,000-person concert events a year. Adjustment of the studies to eliminate the concert events, reduce the number of parking stalls from 2,500 to 520, and conform to the Senate's convention center orientation reveals that:
 - (A) Adverse traffic impacts and the need for off-site road improvements mauka of the Ala Wai canal are eliminated;
 - (B) The cost of constructing the convention center is reduced appreciably; and
 - (C) The internal rate of return for the Ala Wai site becomes the best;
- (5) The convention center and other necessary off-site improvements will be privately funded entirely. The Legislature, in enacting the transient accommodations tax, clearly indicated that a portion of the revenues would be used to construct a convention center. Thus, the earmarking of the revenues from the transient accommodations tax, which is paid by private businesses directly benefiting from a convention center, is in reality a one hundred per cent financing by the private sector.

At this juncture, your Committee inserts a comment on the Governor's fiscal management. When the transient accommodations tax was enacted, legislative intent clearly specified that the revenues would be used for a convention center, visitor industry promotion programs, and improvements to county facilities and services overwhelmed or greatly stressed by the impact of increasing numbers of visitors. The revenues were not intended to fund state programs existing prior to enactment of the tax. The Governor, however, from the transient accommodations tax revenues, has budgeted only a relatively small portion for visitor industry programs and grants-in-aid to the counties and none for a convention center. Instead, it appears that the Governor has used the transient accommodations tax revenues to fund basic state programs, contrary to legislative intent and prudent fiscal management. If so, the Governor is engaged in a fiscal policy which could prove precarious in the future. Thus, your Committee intends to evaluate stringently in the future the Governor's use of the transient accommodations tax revenues.

Your Committee finds the position of the House of Representatives taken this year to be inconsistent. As evidenced in the bill, as received, the House's stances in two major areas are diametrically opposite from those held last year. During the previous legislative session, the House of Representatives opposed the Ala Wai site because of the Senate's proposed visitor orientation for the center. Placement of the convention center in the middle of Waikiki, however, as proposed by the House this year, implicitly makes the orientation exclusively for visitors. Moreover, the House has not proposed funding of the renovation of the Blaisdell Center to accommodate local demand for increased exhibition space. The House

last session also disagreed with the Senate's proposed supersession of the county land use, planning, development, zoning, and building standards for construction of the convention center. Yet, in the bill, as received, the House proposes to supersede all county standards, not only for the convention center, but for hotels and condominiums as well.

The House justifies its new position under the assumption that a private developer will finance fully the construction of the convention center in return for unfettered development rights and tax incentives. Your Committee opposes the House's position for the following reasons:

- (1) The proposal may be an ill-disguised strategy to circumvent the City's restrictions on height, density, and hotel rooms in Waikiki. The restrictions have been established for environmental, aesthetic, and infrastructure capacity concerns and should not be overturned lightly;
- (2) The House's idea that a single parcel can be well planned without regard to its surroundings reveals a misunderstanding and lack of appreciation for the complexities of the planning process;
- (3) Tax expenditures, in effect, represent public funding. Revenues foregone because of tax incentives must be replaced from other sources. More than likely, replacement of lost revenues will have to be spread among all resident taxpayers. Thus, any private development proposal, based on tax incentives, purporting to provide private financing entirely is a misrepresentation; and
- (4) Full private funding for the convention center has not been proven feasible or viable by either the Governor, the House, or a private developer. No private developer has presented as yet a feasible and viable proposal to the Legislature.

Your Committee, however, has provided in the bill, as amended, an opportunity to the Governor and House to prove the worth of their proposal. The Legislature will reconsider the designation of the Ala Wai site, if, during the 1989 legislative session, a proposal for private development of a convention center is presented. The proposal, however, must be: feasible; reasonable; protective of the public interest; financed entirely by private funds as is, in effect, the Senate's plan; and as cost-beneficial to the public as the Senate's plan. If not, the Ala Wai site will become the convention center on July 1, 1989. Your Committee is reluctant to delay a final decision on this matter for another year. Realistic appraisal of the political situation, however, indicates that the bill, as amended, is a necessary compromise.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of H.B. No. 3396, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3396, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.
Senator McMurdo did not concur.

SCRep. 2361 Tourism and Recreation on H.B. No. 3238

The purpose of this bill is to provide for the planning, coordination, development, land acquisition, construction, management, protection, and implementation of the Hawaii statewide trail and access system, to be known as "Na Ala Hele".

Na Ala Hele was initiated by Act 69, Session Laws of Hawaii 1974, to promote public use and enjoyment of trails and other recreational areas served by accesses. Act 69 resulted in the Proposals for Planning, Coordination and Development of Hawaii's Statewide Trail & Access System, issued in 1978, by the Department of Land and Natural Resources. As obvious from the title, the document recommended actions to implement the system.

Implementation of the Hawaii statewide trail and access system, however, has stalled since 1978, primarily because of lack of funding commitments. Thus, your Committee finds that this bill is necessary to reactivate and increase efforts toward implementation.

The bill has been revised substantially. New provisions for implementation of the Hawaii statewide trail and access system have been substituted for those in the bill, as received. Your Committee feels that the provisions in the bill, as received: were too elaborate and specific; were unclear in certain instances; and inappropriately proposed to incorporate as law a study. While all recommendations from the Proposals for Planning, Coordination and Development of Hawaii's Statewide Trail & Access System are not included, the bill, as amended, is based substantially on that document. Your Committee finds that the bill, as amended, represents major progress towards implementation of the Hawaii statewide trail and access system under a realistic approach. Furthermore, your Committee finds that the bill, as amended, allows the Department of Land and Natural Resources flexibility in implementation of the system, but within appropriate and desirable legislatively established parameters.

Your Committee also has repealed Act 69, Session Laws of Hawaii 1974. Enactment of this bill will make Act 69 unnecessary. Repeal also will prevent the possibility of conflicts between Act 69 and this bill.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of H.B. No. 3238, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3238, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2362 Tourism and Recreation on H.B. No. 2394

The purpose of this bill is to establish a wildlife revolving fund under the Department of Land and Natural Resources for programs and activities relating to wildlife conservation and management.

Presently, moneys for wildlife programs and activities authorized under Chapter 183D, Hawaii Revised Statutes, are derived from general fund appropriations, and federal funds under the Pittman-Robertson Federal Aid in Wildlife Restoration Act. It is the intent of your Committee that the establishment of a wildlife revolving fund and the moneys collected for deposit into that fund and expenditures therefrom is to complement and not supplant the appropriation of general funds or other funds for wildlife conservation and management. Your Committee believes that the establishment of the wildlife revolving fund as proposed will enable the Department of Land and Natural Resources to implement wildlife programs in a more expedient manner, since the department will not be confined to the use of moneys solely from appropriations or allotments.

Your Committee has received favorable testimony on the bill from several sporting organizations and clubs. Although the Chairperson of the Board of Land and Natural Resources expressed concerns relating to certain provisions of the bill such as the use of the wildlife revolving fund for enforcement of wildlife conservation and management laws which is not a permitted use of federal funds under the Pittman-Robertson Federal Aid in Wildlife Restoration Act, your Committee believes that the Act does not prohibit the use of nonfederal funds for that activity or other types of activities or programs not permitted by federal law so long as federal funds are not used for those activities or programs.

Under the Pittman-Robertson Federal Aid in Wildlife Restoration Act, to be eligible to receive federal funds a state must assent to the provisions of the Act and enact laws for the conservation of wildlife including a prohibition against the diversion of license fees paid by hunters for any other purpose than as provided for in the Act. Therefore, your Committee has amended the bill by deleting section 3 which would have amended Section 183D-9, Hawaii Revised Statutes, by deleting language prohibiting diversion of license fees for any other purpose than as provided in the Pittman-Robertson Federal Aid in Wildlife Restoration Act.

Your Committee has also amended section 1 of the bill by changing subsection (e) to (f) and by adding a new subsection (e) which allows the Department of Land and Natural Resources to use the wildlife revolving fund for other purposes in addition to those provided under subsections (c) and (f), provided that the department use those funds to maximize its efforts to secure federal funds under the Pittman-Robertson Federal Aid in Wildlife Restoration Act. It is the intent of your Committee in making this change that first priority for the use of these funds shall be for eligible projects and programs under the Pittman-Robertson Federal Aid in Wildlife Restoration Act.

The bill has been further amended to clarify the language establishing the wildlife revolving fund.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of H.B. No. 2394, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2394, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2363 Education on H.B. No. 2715

The purpose of this bill is to set forth the requirements of membership of voting student members on the Board of Education.

Under current law, there is no voting student member on the Board of Education. H.B. No. 2688, H.D. 1, which is also under consideration by your Committee provides for a constitutional amendment to allow a voting student member on the Board. This bill proposes statutory changes to effectuate the constitutional amendment by setting forth the method of selecting the voting student member.

Your Committee received conflicting testimony from the Board of Education and the Hawaii State Student Council (supported by the Hawaii PTSA) regarding the need for a student to have voting power on the Board of Education, in addition to the constitutionality of having such a member.

As a result of this conflicting testimony, your Committee has requested a legal opinion from the State Attorney General regarding the following questions:

- (1) Would the bill require an amendment to Article II, Section 1 of the Hawaii Constitution which sets the voting age at eighteen as the bill arguably allows persons younger than eighteen to vote in a local election; and
- (2) Because the bill restricts voting for one member of the Board of Education to a certain class of persons, would the bill violate Article I, Section 5 of the Hawaii Constitution and the Fourteenth Amendment to the United States Constitution by denying equal protection of the laws?

Your Committee finds that until these legal questions are answered, the ultimate disposition of this bill is in question. However, because of legislative deadlines, your Committee has decided to pass this bill out of committee.

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

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2715, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2715, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 2364 Education on H.B. No. 2050

The purpose of this bill is to establish a library revolving fund in which money fines for late or lost books are deposited.

Currently, moneys collected as fines for overdue books and payments for lost or otherwise unreturned books are deposited into the state general fund. This bill adds a new section to Chapter 312, Hawaii Revised Statutes, to establish a library revolving fund in the state treasury into which the fines and other payments will be deposited.

Your Committee received supporting testimony from the State Librarian and finds that revenues from fines should be used directly by public libraries for new or replacement library materials.

Your Committee has amended the bill by requiring that the State Librarian allocate quarterly fine revenues to each library proportionate to the amount it collected that quarter. The proportionate amount will be used at the end of the year to calculate the amount of each library's share of the interest earned by the revolving fund. In addition, each library will be required to publicly post a list of purchases made by revenues from the fund.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2050, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2050, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2365 Education on H.B. No. 2053

The purpose of this bill is to expand the Department of Education's Summer Program for the Enhancement of Basic Education to include Japanese and Korean studies.

The focus of the world economy has shifted from the Atlantic to the Pacific. In order for Hawaii to compete within this fast growing economy, it is necessary to educate our students in the knowledge of languages and cultures of the industrializing countries of East Asia. As an insular state with both Eastern and Western Hemisphere orientations, Hawaii is uniquely positioned to offer its students opportunities to expand their learning experiences through world travel. This bill expands the present Summer Program for the Enhancement of Basic Education (SPEBE) to include studies in Japan and Korea.

Your Committee has amended the bill by substituting SPEBE with the Hawaii Young Scholars Program which will provide study abroad for students to learn foreign languages and cultures to better prepare Hawaii for economic competition. The program has two components: (1) summer study grants for public high school students and (2) year-long college study grants for public high school graduates. Each public high school will be eligible annually to select representatives for each of these kinds of grants, pursuant to general guidelines provided by the Superintendent of Education, thus giving students throughout the State an opportunity to participate in this unique program. In this way, the Hawaii Young Scholars Program will not only recognize its outstanding students in a tangible way, but also will broaden the perspective of all state residents to the growing international role that Hawaii can play. The bill as amended also establishes a Hawaii Young Scholars Special Fund administered by the Department of Budget and Finance.

Your Committee has further amended the bill by changing the effective date to coincide with the beginning of the 1988-1989 fiscal year and by making technical nonsubstantive changes.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2053, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2053, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2366 Education on H.B. No. 2774

The purpose of this bill is to appropriate \$100,000 for the purchase of a computer catalog for the braille library of the State of Hawaii.

Currently, the State Library for the Blind and Physically Handicapped is the only library statewide that is not automated. This presents a particular problem to the Library which needs to maintain an ever-growing advisory service to braille-users which includes the names of the individuals, the titles of the materials they have already read, and what types of reading materials they would like to have provided to them. The Library is unable to keep up with the increased circulation demands on a manual basis.

This bill would provide for the purchase and acquisition of a separate software/hardware system specifically designed to address the needs of the library's special users. Currently, circulation software used in the State Libraries are not applicable to the Library for the Blind and Physically Handicapped circulation needs.

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2774 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. 2367 Education on H.B. No. 2688

The purpose of this bill is to propose an amendment to Article X, Section 2, of the Constitution of the State of Hawaii, to provide for the election of one voting student member to the Board of Education.

Under present law, there is not a voting student member on the Board of Education. This bill will amend the Constitution of the State of Hawaii, specifically Section 2 of Article X, to provide for one voting student member. This amendment requires ratification by the voters at a general election.

Your Committee has received conflicting testimony from the Board of Education and the Hawaii State Student Council (supported by the Hawaii PTSA) regarding the constitutional legality of having a minor empowered to vote on the Board of Education.

As a result of this conflicting testimony, your Committee has requested a legal opinion from the State Attorney General regarding the following questions:

- (1) Would the bill require an amendment to Article II, Section 1 of the Hawaii Constitution which sets the voting age at eighteen as the bill arguably allows persons younger than eighteen to vote in a local election?; and
- (2) Because the bill restricts voting for one member of the Board of Education to a certain class of persons, would the bill violate Article I, Section 5 of the Hawaii Constitution and the Fourteenth Amendment to the United States Constitution by denying equal protection of the laws?

Your Committee finds that until these legal questions are answered, the ultimate disposition of this bill is in question. However, because of legislative deadlines, your Committee has decided to pass this bill out of committee.

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

Your Committee on Education is in accord with the intent and purpose of H.B. No. 2688, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2688, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee.

SCRep. 2368 Higher Education on H.B. No. 2391

The purpose of this bill is to establish a library revolving fund for the library system at the University of Hawaii.

This bill authorizes each library in the University of Hawaii library system to retain all receipts received from fines, fees, and other revenues derived from library operations for the purposes of improving services to users and library operations, provided that such revenues are not viewed as a substitution for general fund support.

Your Committee received testimony from the University of Hawaii stating that the rationale for keeping these funds for library use rather than having the money deposited into the State general fund is that persons who have overdue materials create an additional workload for checking shelves, for preparing and mailing notices, and for handling collections. Passage of this bill would enable this process to become completely self-supporting and would pay for student staff to prepare notices and collect fees.

The University further testified that the University's libraries are providing free services to an ever increasing number of community users who pay no tuition or other fees as do the students. At Manoa, out of 58,000 registered library users, 11,000 are community users. Circulation to this group has increased by sixty percent since 1984. In addition, community users, government agencies and private businesses are now requesting dial-in access to the libraries' on-line public access catalog, extensive document delivery services, and data base searches. Each of these services require support for which there is no funding mechanism.

Your Committee finds that passage of this bill is the first step in assisting the University's libraries to accommodate the informational needs of the community.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 2391 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. 2369 Higher Education on H.B. No. 3475

The purpose of this bill is to allow the University of Hawaii at Hilo to use the Vocational and Technical Training Projects Revolving Fund established under Section 304-8.4, Hawaii Revised Statutes.

Presently, the fund is used exclusively for the community colleges to pay for vocational and technical training projects, and supplies, equipment, and other services.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 3475 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. 2370 Higher Education on H.B. No. 3474

The purpose of this bill is to establish a discoveries and inventions revolving fund.

This bill would require moneys appropriated to the University of Hawaii "for the purpose of supporting innovation and research commercialization, and the patenting, copyrighting, licensing and marketing of discoveries, inventions, and technologies developed at the University," to be deposited into the revolving fund. All proceeds from commercial exploitation of inventions and intellectual property developed at the University would also be deposited into the fund. The fund would be used to develop technologies which have potential commercial value and to support administration of technical transfer activities at the University.

Your Committee has amended the bill to specify that moneys appropriated for fiscal year 1988-1989 to the University for discoveries and inventions shall be deposited into the revolving fund.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 3474, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3474, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2371 Consumer Protection and Commerce on H.B. No. 2154

The purpose of this bill is to establish procedures for shareholders of cooperative housing corporations and the corporation, its board of directors, or officers to submit disputes regarding the interpretation, application, or enforcement of the corporation's articles of incorporation, bylaws, or house rules, to arbitration.

The bill would establish criteria for determining which disputes are eligible for arbitration and review of suitability of the dispute by the circuit court. It would allow any party to the proceedings to file a complaint against an insurer if insurance coverage is unavailable due to arbitration action, and provides that arbitration proceedings shall be concluded not later than ninety days after the request is made. Additionally, the bill would amend the Horizontal Property Regime Law to include the ninety day provision.

Your Committee finds that litigation of cooperative housing corporation disputes is costly and that arbitration is a reasonable and cost-efficient alternative which is already available to condominium owners. Extending this kind of remedy to cooperative housing shareholders is therefore consistent with state and legislative policies to utilize arbitration and other alternative means of dispute settlement whenever and wherever possible and feasible.

However, your Committee has doubts that all arbitrations can be concluded within ninety days, and has therefore amended the bill by removing this provision from Section 1 relating to cooperative housing corporations and by deleting Section 2 relating to horizontal property regimes. Your Committee has further amended the bill by adding a severability clause, by replacing the word "condominium" on page 6, line 9, with the phrase "cooperative project", and by making a nonsubstantive technical change.

Your Committee wishes to point out that there may be legal ramifications to this bill which should be closely considered by the next committee.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2154, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2154, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Chang, B. Kobayashi, Nakasato and Tungpalan.

SCRep. 2372 Consumer Protection and Commerce on H.B. No. 2037

The purpose of this bill was to expand and clarify the rights of consumers in resolving new motor vehicle warranty disputes with manufacturers.

The bill would establish within the Department of Commerce and Consumer Affairs a state certified arbitration program which is in compliance with Title 16, C.F.R., Part 703.

Your Committee agrees that there is substantial need for improving the means for consumers to obtain compensation for "lemons", as defective new automobiles are commonly called, but prefers S.B. No. 2420, S.D.1 as a more appropriate mechanism for implementing the state certified arbitration program and other changes to Section 490:2-313.1, Hawaii Revised Statutes, commonly referred to as the "Lemon Law." Therefore, your Committee has amended this bill by deleting the substance and inserting the following provisions:

- (1) A definition of "nonconformity" to Section 490:2-313.1(a);
- (2) If a new motor vehicle is out of service and under repair fifteen calendar days, it shall be presumed that a reasonable number of attempts have been made to conform the vehicle to the applicable express warranties;
- (3) New definitions of "new motor vehicle" and "demonstrator" to Section 490:2-313.1;

- (4) That a reasonable allowance for use shall be that amount directly attributable to use by the consumer prior to the consumer's first report of the nonconformity to the manufacturer, agent, distributor, or dealer, and that the reasonable allowance shall be equal to one percent of the purchase price for every thousand miles of use;
- (5) That the manufacturer shall provide notice of the provisions of Section 490:2-313.1 by placing written material in the glove compartment of every motor vehicle;
- (6) That a consumer who has submitted a dispute to arbitration is subsequently entitled to a trial de novo;
- (7) That the amount of an arbitration award shall be admissible at a trial de novo;
- (8) That prevailing parties of arbitrations shall be allowed reasonable attorney's fees; and
- (9) That attorney's fees for consultations and court purposes shall be granted to consumers who prevail in court actions.

Your Committee wishes to note that in amending the bill in this way, it is retaining the basic structure of the state certified arbitration program provided in the bill as received by your Committee, while at the same time strengthening the "Lemon Law" to the benefit of aggrieved consumers.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2037, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2037, 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, Nakasato and Tungpalan.

SCRep. 2373 Business Development and Pacific Relations on H.B. No. 842

The purpose of this bill, as received, is to establish rates for insurance premium taxes while also establishing premium tax credits for authorized insurers in the State.

Your Committee has amended this bill substantially, while retaining the intent and spirit of the original measure. These changes reflect the most recent analysis of the problems with the current system, and are an effective method of encouraging insurance companies to do business in Hawaii.

Your Committee has combined suggestions from major elements of the insurance industry in amending this bill. Your Committee believes that this bill will provide a wide range of assistance to the industry and will fairly apportion benefits to its members.

The bill provides lower rates for insurers who are certified as having a service office within the State. The bill sets forth certification procedures for qualifying for the lower rate. The bill also establishes tax credits for examination fees, real property taxes, and excise taxes incurred by any insurer. Your Committee finds that this system will provide a fairer, more equitable tax which will in turn promote the insurance business in Hawaii.

In the event that the rate arrangement is attacked in a law suit filed in any court in this State, your Committee has provided that the higher tax rates be applied to all insurers.

Finally, your Committee has made technical, nonsubstantive amendments for purposes of style.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 842, H.D. 2, S.D. 2, as amended herein, and recommends that it be referred to the Committee on Ways and Means in the form attached hereto as H.B. No. 842, H.D. 2, S.D. 3.

Signed by all members of the Committee except Senator Young.

SCRep. 2374 Business Development and Pacific Relations on H.B. No. 3563

The purpose of this bill is to allow the Department of Business and Economic Development (DBED) to establish and operate out-of-state offices as part of a strategic plan for the State's economic development.

The bill allows the DBED to enter into and perform contracts, leases, cooperative agreements, or other transactions; establish operational bank accounts in foreign denomination accounts; receive any property through gifts, grants, devises, bequests, or otherwise from private sources or a foreign nation; sell, lease, rent, hold, maintain, use, and operate any property; and hire personnel as may be necessary in the conduct of its business. The bill also grants the DBED flexibility in hiring its personnel and in handling monies by excepting it from various sections of the Hawaii Revised Statutes.

Your Committee finds that this bill will enable the State to have a business and marketing presence in overseas locations and will strengthen the State's economy by allowing the DBED to develop programs to reach targeted companies or industries in other nations; keep track of foreign government policies and regulations that have an impact on local business; meet officials in government to discuss ways of attracting business to the State; develop advertising efforts, promotional events, media coverage, and educational programs on doing business in the State; and entertain clients and dignitaries.

Your Committee has amended the bill by:

- (1) Specifying that the DBED shall be excepted from certain state laws only where required by local conditions. The purpose of this amendment is to avoid allowing the DBED unbridled discretion in hiring its personnel and handling monies;
- (2) Adding that the DBED shall be excepted from Section 171-30, Hawaii Revised Statutes, which requires acquisition of real property for public purposes to be effectuated by the Board of Land and Natural Resources; and
- (3) Making clarifying language 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. 3563, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3563, 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 Young.

SCRep. 2375 Business Development and Pacific Relations on H.B. No. 3515

The purpose of this bill is to provide a general excise tax exemption for common paymaster operations and certain transactions between related business entities.

Your Committee finds that it is the common practice of businesses to centralize cash requirements as well as managerial and administrative services in order to achieve economies of scale, function, or expertise. These services are reflected on the entities books as services provided and income received. While no income tax is imposed on these centralized services, a four percent general excise tax is imposed on them. The following discussion clarifies this situation.

In order to keep track of and properly supervise its subsidiaries, a parent corporation will charge a subsidiary for managerial, administrative, legal, or accounting services provided in order to supervise the subsidiary properly. For income tax purposes these charges appear on the corporate books. The subsidiary, in turn, records payments for those services to the parent, and this is reflected on the corporate books. No income tax is imposed on these transactions, but a general excise tax is imposed even though no money may have exchanged hands. Subsection (a) of this bill addresses the problem by exempting those services from the general excise tax.

In some cases, there may be two or more related entities that choose one of the entities to do the payroll for all of the entities. This allows the best use of the expertise within the various entities. The non-payroll entities in this situation would transmit to the common paymaster entity amounts to be disbursed, including wages and salary, payroll taxes, and employee benefits, which the common paymaster distributes to the employees of all related entities and proper governments for taxes. No income tax is imposed on these amounts, but a general excise tax is imposed. This prevents businesses in Hawaii from undertaking a cost effective method of doing business. Subsection (b) of this bill addresses the problem by exempting from the general excise tax, the amounts received by common paymasters which are disbursed as remuneration to employees of two or more related corporations where the common paymaster is making remunerations on behalf of the corporations.

Your Committee finds that the exemptions provided by this bill will improve Hawaii's business climate and encourage mainland businesses to do business in Hawaii.

Your Committee has 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. 3515, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. 3515, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Young.

SCRep. 2376 Business Development and Pacific Relations on H.B. No. 2390

The purpose of this bill is to expand the types of scientific facilities listed in Section 237-26(b), Hawaii Revised Statutes, in order to determine whether certain contracts or subcontracts with the United States will be exempted from general excise taxes.

Under the present law, "scientific work" which qualifies for the general excise tax exemption is work involving electronic, test range, aerospace, oceanographic, geophysical, or other scientific facilities. This bill will expand the types of scientific facilities to include agricultural, astronomical, and biomedical facilities, and thus broaden the scope of the tax exemption.

Your Committee has adopted the recommendations of the Department of Taxation and has amended the bill by:

- (1) Deleting the phrase "including, but not limited to" in line 8, page 1 of the bill, in order to avoid a generalized definition which would be difficult for the Department of Taxation to interpret and administer; and
- (2) Changing the effective date to January 1, 1989 to allow time for the implementation of this bill.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 2390, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2390, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Young.

SCRep. 2377 Consumer Protection and Commerce on H.B. No. 3292

The purpose of this bill was to increase the rates of compensation for corporate trustees for agreements which do not specify a specific rate of compensation. The bill separates the compensation of corporate trustees from individual trustees and requires judicial permission before such compensation may be authorized.

Individual trustees are able to charge all expenses of administering a trust directly to that trust. Corporate trustees, on the other hand, have not been able to accurately allocate administrative expenses and thus have been forced to elect the one-tenth of one percent on principal for expenses as provided by statute. Your Committee finds that this rate has not been increased since 1951, although administrative expenses have risen dramatically since then. This bill would raise the rate to six-tenths of one percent.

After carefully considering the issue, your Committee finds that corporate trustees are entitled to an increase in compensation for services rendered in administering a trust. However, six-tenths of one percent is a very substantial increase, and your Committee finds that a more moderate three-tenths of one percent is in order. The bill has been so amended.

Additionally, your Committee wishes to ensure that fees paid to corporate trustees do not unduly jeopardize or diminish the rights and amounts which were intended to enure to the beneficiary or beneficiaries pursuant to the original trust instrument. Therefore, your Committee has amended the bill by providing that if the three-tenths of one percent of fees authorized by this bill exceeds \$250,000, the balance shall be returned to the trust beneficiaries.

Your Committee has also considered the question of commissions paid to trustees of charitable trusts and has concluded that beneficiaries of such trusts should be afforded protection from windfall benefits which may accrue to trustees under present law. Therefore, the bill has been further amended to limit the commissions of trustees of charitable trusts funds to \$250,000. Your Committee finds that this amendment provides adequate and equitable compensation to trustees while protecting the beneficiaries of charitable trusts.

Your Committee has also corrected a typographical error on page 10, line 12, by deleting the reference to \$1,000,000 and restoring the original amount of \$100,000, as provided in the text of Section 607-20, Hawaii Revised Statutes.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3292, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3292, H.D. 1, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Nakasato and Tungpalan.

SCRep. 2378 Consumer Protection and Commerce on H.B. No. 2535

The purpose of this bill is to provide a general excise tax exemption for every registered travel agent or agency on commissions resulting from the sale of air fares, and to establish a tax of four percent of commissions received on other sales.

Typically, eighty-five percent of an average travel agency's total gross revenues is derived from commissions on air fares. If, for example a consumer purchases a ticket for \$1,000, a check is made payable to the travel agency, the travel agency deposits the check in an escrow account, and the airline takes out all the money except the travel agency's commission, usually ten percent, leaving the agency with \$100. The travel agent must then pay four percent tax on that \$100, leaving a net return of \$96 on the transaction. In all other states, according to the Travel Agents Coalition on Taxes, travel agents are allowed to retain the full \$100.

While it can be argued that granting preferential tax treatment to a commission sales occupation would set a bad precedent, your Committee is cognizant that this was done for insurance solicitors a few years ago because their commissions cannot be passed on to the consumer. Your Committee believes that this is also true for travel agents in relation to commission sales of air fares because individuals or agencies must sell tickets at the advertised price or lose the sale. Furthermore, the agency must pay the tax on income and the commission salesperson must also pay the tax on the commission, which could be construed to be double taxation.

Your Committee finds that the purpose of the bill would be best served by adding the substance to section 237-24, Hawaii Revised Statutes and has amended the bill accordingly.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2535, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2535, 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 Blair, Aki, Nakasato and Tungpalan.

SCRep. 2379 Agriculture, Energy and Ocean Resources on H.B. No. 2068

The purpose of the bill is to continue research on various ways to generate transportation fuel for the State of Hawaii.

This bill expresses the State's commitment to biofuels research and development by appropriating matching funds to support a methanol-from-biomass pilot plant feasibility study and cost-sharing funds to begin plans and construction of a methanol-from-biomass pilot research plant.

Your Committee recognizes the desirability to continue the study of potential energy sources in Hawaii, particularly transportation fuels. It is becoming increasingly apparent from research here and elsewhere that methanol has the potential to become a major transportation fuel.

The Department of Land and Natural Resources testified that one of the great advantages of methanol is that it can be produced from biomass. Approximately three percent of Hawaii's land area can produce the energy equivalent of all the gasoline used by Hawaii's automobiles.

Your Committee also received favorable testimony from the Department of Business and Economic Development and the Hawaii Natural Energy Institute of the University of Hawaii emphasizing the need to explore the feasibility of producing methanol from available renewable biomass resources in Hawaii.

Your Committee has amended the bill to raise the appropriation for the research pilot plant feasibility study from \$1 to \$220,000.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 2068, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2068, 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 Young.

SCRep. 2380 Agriculture, Energy and Ocean Resources on H.B. No. 2127

The purpose of this bill is to provide the Department of Land and Natural Resources (DLNR) the authority to set the fees for fishing permits.

This bill authorizes the DLNR to determine the amount of the fees through administrative rules adopted in accordance with Chapter 91, Hawaii Revised Statutes (HRS); provides that the fees would be set at an amount reasonably necessary to provide supplemental funding for enforcement of fishing and aquatic regulations; and provides that the fees currently specified in the HRS shall remain in effect until new administrative rules governing such fees become effective.

Presently the HRS sets the fees for fishing permits and licenses. The DLNR testified that determining the fee amount for fishing permits and licenses through the administrative rules process is appropriate and consistent with the Department's ongoing efforts to consolidate regulatory measures from the HRS to administrative rules.

Your Committee has amended the bill by:

- 1) Deleting language which allows the DLNR to adopt rules to define Northwestern Hawaiian Islands and retaining subsection (b) of Section 188-37, HRS, since this subsection already provides a definition for Northwestern Hawaiian Islands;
- 2) Including specific language to clarify that the fees for fresh water game fish fishing and commercial marine licensing may be set by administrative rules; and
- 3) 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. 2127, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2127, 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 Young.

SCRep. 2381 (Majority) Agriculture, Energy and Ocean Resources on H.B. No. 2691

The purpose of this bill is to provide the required matching funds for a federal appropriation of \$6,375,000 for a National Center for Applied Aquaculture in Hawaii.

This bill appropriates \$1,000,000 for the planning, design and construction of a Center for Applied Aquaculture at the Oceanic Institute, provided that a memorandum of understanding for cooperation shall be signed by the president of the University of Hawaii, the Chairperson of the Board of Land and Natural Resources, and the Chairperson of the Oceanic Institute before any funds are expended.

The proposed Center for Applied Aquaculture would provide the nation with its first facility directed to marine aquaculture industry development, and will maintain Hawaii's position of leadership in aquacultural research and development in the U.S. and in the Pacific Basin.

Your Committee received testimony from the Department of Land and Natural Resources (DLNR), the University of Hawaii and the Oceanic Institute in favor of this bill.

Your Committee, upon the recommendation of the DLNR, has amended the bill by:

- 1) Replacing the words "at the Oceanic Institute" on line 14, page 1 with the words "in Hawaii", to give the DLNR flexibility in establishing a location for the Center after the detailed planning is completed, and makes the language consistent with the Federal language;
- 2) Inserting the phrase "and a joint agreement concurring with the specific plans for the development and implementation of the Center" after the word "cooperation" on line 15, page 1, to be consistent with the intent of the general affiliation agreement and to provide a clear definition of the nature of the cooperation agreement; and
- 3) Inserting a proviso authorizing the expenditure of funds to be expended for facilities at the Oceanic Institute and elsewhere.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 2691, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2691, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.
Senator Hagino did not concur.

SCRep. 2382 (Majority) Agriculture, Energy and Ocean Resources on H.B. No. 2876

The purpose of this bill is to appropriate \$1,750,000 for the completion of a hyperbaric treatment chamber system and for the construction of a structure to house the hyperbaric system.

Testimony received by your Committee indicated that the Hyperbaric Treatment Center performs a valuable and unique service for the people of Hawaii. In addition to treatment of decompression sickness, the center provides hyperbaric oxygen therapy for over a dozen serious medical disorders. No other medical facility in Hawaii provides these treatments.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 2876 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 Blair did not concur.

SCRep. 2383 (Majority) Human Services on H.B. No. 2195

The purpose of this bill is to declare that any restrictive covenant which prevents or restricts the establishment of licensed group living facilities in residential districts shall be void and unenforceable.

The policy of the State of Hawaii is to deinstitutionalize persons who are developmentally disabled, handicapped, mentally ill, or elderly. However, the development of community-based residential settings has been restricted from many residential areas because of restrictive covenants on leasehold lands which prohibit the establishment of licensed group living facilities. This bill declares that any restrictive covenant which prevents or restricts the establishment of facilities licensed by the State as an adult residential care home, intermediate care facility/mental retardation-community, or special treatment facility shall be void and unenforceable as to such community residences.

Your Committee received supporting testimony from the Commission on the Handicapped, the Department of Health, the State Health Planning and Development Agency, the State Planning Council on Developmental Disabilities, the Executive Office on Aging, the City and County of Honolulu, and numerous community groups and finds that the restrictive covenants on leasehold lands have resulted in the disproportionate movement and concentration of group living homes in certain communities. As a result, a small number of communities contain a large number of group living homes and many communities contain few or none. Further, the restrictive covenants present a significant barrier to operators and agencies trying to establish group living homes in many areas.

Your Committee finds it unacceptable that persons are forced to move from the neighborhoods they grew up in or are forced to reside in neighborhoods not of their choosing simply because they need to reside in group care living homes.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 2195, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee.
Senator Herkes did not concur.

SCRep. 2384 Human Services on H.B. No. 3242

The purpose of this bill is to establish a standard of need in the State's public assistance programs.

Currently, there is a wide gap between the public assistance allowance and the cost of living. The diminishing purchasing power of the allowance creates severe hardships for needy persons trying to purchase food, shelter, and clothing. This companion bill to S.B. 3090, S.D. 2, will narrow the gap by providing for an allowance which will be equal to sixty percent of the poverty level established by the federal government.

Your Committee received supporting testimony from the Department of Human Services stating that the goal of the State is to ensure that its needy residents, who are eligible for public assistance, have the means to obtain the basic necessities of life. Your Committee finds that this bill will provide for a fair determination of the amount of public assistance allowance for needy persons.

Your Committee has amended the bill by:

- (1) Adding a new section to Chapter 346 which establishes the goals of public assistance and child welfare legislation, and requires that the legislation be broadly and liberally construed;
- (2) Appropriating \$5,450,000 to carry out the purposes of the bill, of which \$50,000 is appropriated for child abuse and neglect emergency assistance; and
- (3) Making technical changes which have no substantive effect.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 3242, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3242, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2385 Higher Education on H.B. No. 2904

The purpose of this bill is to permit the University of Hawaii to use its malpractice special fund to implement a professional malpractice self-insured program for faculty members who provide professional services as part of their teaching duties in the fields of medicine, nursing, and law.

Specifically, this bill permits the University of Hawaii at Manoa to use its malpractice special fund to establish and administer a self-insured reserve for a professional malpractice self-insured program.

Your Committee received supporting testimony from the University of Hawaii and finds that the self-insurance program will help reduce the costs of malpractice insurance for faculty members. Malpractice insurance premiums are quite costly to the individual faculty members, whereas a group program will cost less especially since the prior "track record" of the medical school faculty has been excellent.

Your Committee on Higher Education is in accord with the intent and purpose of H.B. No. 2904, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Blair.

SCRep. 2386 (Joint) Corrections and Judiciary on H.B. No. 2278

The purpose of this bill is to redescribe the functions of the Hawaii Criminal Justice Commission to more accurately reflect the current activities and future priorities, to place the commission in the Department of the Attorney General for administrative purposes, and to amend the June 30, 1988 "sunset" date by extending the life of the commission to June 30, 1994.

History of the Hawaii Criminal Justice Commission

The commission was established by the Legislature in 1977 with a \$100,000 appropriation. The "Hawaii Commission on Crime", as it was then referred to, was placed under the supervision of then Lieutenant Governor Nelson Doi. Its primary focus was on organized crime with concurrent efforts in extortion and rape.

During the 1978 session, the functions of the commission were expanded to include investigation and collection of evidence necessary to study criminal activity or the operation of the criminal justice system.

In 1980 the Legislature reorganized the commission, renamed it the Hawaii Criminal Justice Commission, and redefined its functions to include other areas not covered before. The newly organized commission was to commence July 1, 1981 and to "sunset" January 30, 1984, unless otherwise extended by the Legislature.

The commission's lifespan was subsequently extended for another four years, to terminate June 30, 1988, unless renewed by the Legislature.

Currently, the commission's activities remain consistent with its intended purpose. However, the commission has expanded its functions by adding a research component.

H.B. No. 2278, H.D. 1 provides for the commission to be established as a permanent State agency under the Department of Corrections and appropriates a sum of \$470,628 to be expended for the purposes of this bill.

Recommendations

Your Committees recommend that the Hawaii Criminal Justice Commission should be administratively attached to the Department of the Attorney General in order to utilize the talent and resources of that law enforcement agency. Since the Attorney General is the chief law enforcement officer for the State and is responsible for the general welfare of the State and its citizens, the commission would better meet its goals and objectives if placed in this office. Indeed, upon transfer to the Attorney General's Office, the commission would be given access to the Hawaii Criminal Justice Data Center, Criminal Justice Division, the Corrections section located in the Social Services Division, and seven other specialized divisions and agencies which have vast resources to support the commission in its tasks.

In addition, your Committees believe that the commission is absent of any "corrections" function, such as incarceration and rehabilitation, and therefore is inappropriately placed in the Department of Corrections. The goals of the commission are crime prevention, education, and public awareness, all of which are only remotely related to the functions of the Corrections Department.

Further, your Committees recommend that amendments be made to the functions of the commission by deleting section (3) of the proposed bill which states:

"Provide research and make recommendations to criminal justice agencies on the criminal justice process, in order to make the agencies more responsive to the needs of the citizenry and community and to improve their effectiveness in combating criminal activities of all types throughout the State".

Your Committees find, and the Hawaii Criminal Justice Commission agrees, that conducting research is not the primary purpose of the commission. Currently, research is conducted in a "reactionary" manner which may hinder the commission in pursuing its goals of crime prevention and education.

The present manner in which the commission conducts its research is similar to and may be duplicated by the Legislative Reference Bureau (LRB), or any State agency empowered to conduct research; requests are made by various agencies to conduct studies of interest to them but which may not comport with the goals of the commission.

Pursuant to Chapter 23G-3(2) of the Hawaii Revised Statutes, the LRB is authorized to conduct research on issues of concern to the State. The statutory research function of the LRB is as follows:

To conduct impartial research, including legal research, as may be necessary for the enactment of substantive legislation, upon request by the Legislature, legislative committees, or legislators, or on its own initiative.

Your Committees on Corrections and Judiciary concur with the intent of this bill which is to strengthen crime prevention and education programs. Therefore, your Committees believe that by repealing the research function of the commission, the commission will be able to focus its efforts more effectively on badly needed programs relating to crime prevention, education, and public awareness.

Your Committees, based on a thorough review of the commission's master plan, have also reduced funding for the commission by \$28,600 to reflect the amendment to H.B. No. 2278, H.D. 1. \$18,600 from the personal services fund was originally budgeted for a vacant research position, but this position shall be deleted. As a result, the commission will be able to focus its resources (e.g. the full time researcher and research assistants) towards crime prevention, education, and public awareness. Further, \$10,000 has been reduced from contractor fees in the other current expenses fund. Originally, \$25,000 was budgeted for this item based on the commission's plan to hire a person with law enforcement background to conduct workshops on crime prevention and education.

However, upon review of the commission's master plan, your Committees believe that more comprehensive planning needs to be performed before beginning crime prevention training sessions. Although the master plan identifies goals and objectives, it fails to provide the Legislature with a clear plan to reach those objectives.

The reduction in the budget reflects a 6% decrease in the requested amount, but a 6.2% increase over FY1987-88 and a 14.5% increase in the "current expenses" fund. Therefore, your Committees believe the amended budget provides the commission with sufficient flexibility to carry out its activities. The amended budget total, recommended by your Committees, for the commission is \$442,028, which replaces the \$470,628 referred to in H.B. No. 2278, H.D. 1.

Finally, your Committees agree that the commission plays an important role in our criminal justice system and recommends that its "sunset" date of June 30, 1988, be repealed and extended for an additional six (6) years terminating on June 30, 1994, unless otherwise extended by the Legislature.

Currently, no agency exists which concentrates on crime prevention, education, and public awareness. Although there are several criminal justice agencies in the State, most are engaged primarily in the enforcement of laws, prosecution of law violators or in the treatment of victims. Little is currently being done in the areas of public education and crime prevention programs on a systematic or statewide basis. These two program areas are usually addressed only at the county level, and there are no programs at the State level that are specifically geared toward crime prevention, education, and public awareness.

Your Committees on Corrections and Judiciary are in accord with the intent and purpose of H.B. No. 2278, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2278, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senators Blair, Cobb, McMurdo and Tungpalan.

SCRep. 2387 Housing, Hawaiian Programs and Natural Resources on H.B. No. 2073

The purpose of this bill is to appropriate funds for the construction of rental housing for low- and middle-income persons.

Your Committee finds that under the current economic situation many people are experiencing difficulty in finding decent housing in which to live. Hawaii has had a high cost of living for a long period of time, due in part to the high cost of housing. In fact, many families are unable to even find rental housing in which to live. This bill represents a positive step to help alleviate the lack of affordable housing in the State.

Your Committee has amended this bill by inserting \$3.2 million as the amount to be appropriated for construction of rental housing.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 2073, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2073, 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 Young.

SCRep. 2388 Housing, Hawaiian Programs and Natural Resources on H.B. No. 2071

The purpose of this bill is to appropriate funds to build or renovate buildings for emergency shelters at various locations throughout the State.

Currently, homelessness in Hawaii is a steadily growing problem which requires assistance from the State. There are approximately 4,200 homeless in Hawaii. Existing shelter resources are grossly inadequate and there is a severe shortage of low cost housing for single parents, elderly, disabled and others with limited incomes. Both emergency and transitional shelters are badly needed in Hawaii as those without shelter must sleep on the street where they are at great risk of illness, assault, theft and abuse.

This bill would provide badly needed funding for emergency shelters located throughout the State. These shelters will greatly alleviate the situation by enabling those who are most at risk to stay in a safe place and provide the necessary services which will lead to eventual self sufficiency.

Your Committee amended the bill by increasing the appropriation sum from \$1 to \$5,138,750 and by adding another emergency shelter to the list to be built on the island of Kauai. Your Committee also inserted individual appropriation amounts for specific shelters.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 2071, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2071, 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 Young.

SCRep. 2389 Housing, Hawaiian Programs and Natural Resources on H.B. No. 2132

The purpose of this bill is to appropriate funds to construct affordable rental housing for the elderly.

Currently, the Department of Business and Economic Development estimates that in 1990 about fifteen percent of the State's total population will be over sixty years old. By the year 2000, the elderly will make up over seventeen percent of Hawaii's population. Presently, there exists a shortage of affordable housing for elderly residents. Many elderly residents live on low, fixed incomes and have great difficulty competing in the rental market. With rising rental costs, more and more elderly are being pushed out of the rental market.

This bill would allow the Housing Finance and Development Corporation to build more affordable housing units specifically structured for the special needs of the elderly. The elderly require more than a safe, decent, sanitary place to live, they need supportive services to maintain their maximum independence and dignity, especially for those elderly individuals with minimal or no family support.

Your Committee adopted the recommendation of the Department of Business and Economic Development by increasing the appropriation sum from \$1 to \$13,600,000.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 2132, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2132, 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 Young.

SCRep. 2390 Housing, Hawaiian Programs and Natural Resources on H.B. No. 2075

The purpose of this bill is to help alleviate the shortage of affordable housing in Hawaii.

The shortage of affordable housing has long been a problem in Hawaii. In response to this problem, the State has initiated a variety of programs at both the state and county levels to assist prospective homeowners fulfill their dream of owning a home.

This bill represents another step toward the ultimate goal of not only providing housing to our citizens, but homeownership as well.

Your Committee has amended the bill by providing an appropriation of \$20 million to address the concerns of this bill.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 2075, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2075, 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 Young.

SCRep. 2391 Health on H.B. No. 2046

The purpose of this bill is to fund programs not now in place but which deserve a high priority in Hawaii's efforts to deal with the AIDS epidemic.

The bill would relieve the pressure on private nonprofit organizations in the fight against AIDS; enlist a broad range of new agencies to join the fight against AIDS; and deal with AIDS in a context of other pressing health issues such as drug abuse, health education, case management, housing, and confidentiality of medical records.

Specifically, the bill would appropriate the following sums for the following purposes:

- (1) \$125,000 for an AIDS Family Life Pilot Program for preteens;
- (2) \$120,000 for Child and Family Services for a pilot program to utilize peer group and peer counseling to deal with AIDS;
- (3) \$50,000 for the Manoa AIDS Speakers Training Program;
- (4) \$30,000 to implement and monitor state guidelines for blood and fluid precautions in private and acute long-term care facilities;
- (5) \$100,000 for a program to target businesses and employees for AIDS information;
- (6) \$200,000 for an AIDS program in conjunction with the Department of Corrections and other state and county authorities;
- (7) \$100,000 for prison education programs;
- (8) \$140,000 for an AIDS/ARC housing and basic living assistance program with several components;
- (9) \$250,000 for AIDS/ARC case management and personal care training and services;
- (10) \$100,000 for an AIDS-related drug treatment program;
- (11) \$43,302 for laboratory testing for AIDS;
- (12) \$121,304 for managerial and administrative support to coordinate AIDS prevention programs in the Department of Health;
- (13) \$48,850 to support the ongoing AIDS Task Group in coordinating AIDS information;
- (14) \$10,000 for computer security relating to medical records; and
- (15) \$50,000 for an AIDS and the Law Conference.

Your Committee received voluminous support for this bill and finds a compelling need to provide a broad and effective range of services relating to AIDS in Hawaii. Your Committee also finds that the amount of state expenditures in this pursuit is not the issue at this point of time, but rather the appropriate use of such funds. Expenditures must be allocated in such a way as to assure maximum program and service flexibility as experience teaches us how to deal with the problem, and we must look to the future in terms of private sector involvement on a regularized basis, federal funding, and recurring state programs and efforts.

To help achieve these and other AIDS-related goals and objectives, and with special attention on granting the State, and especially the Department of Health, maximum flexibility in expending funds to fight, control, and eradicate AIDS, your Committee has amended this bill by deleting the substance after Section 1 and adding the following new Sections:

- (1) Section 2, which appropriates \$515,000 for AIDS education and information in a broad range of areas;
- (2) Section 3, which appropriates \$450,000 for statewide health care, treatment, and therapeutic research;
- (3) Section 4, which appropriates \$189,000 for administration of the AIDS program in the Department of Health;
- (4) Section 5, which appropriates \$70,000 for AIDS coordination and policy development;
- (5) Section 6, which gives the Department of Health authority to transfer up to 40 percent of any of the above moneys to any other of the AIDS program areas;
- (6) Section 7, which requires the Department of Health to utilize federal funds to the fullest as they become available, substitute federal funds for state general funds wherever applicable, and return substituted general funds to the state general fund;
- (7) Section 8, which authorizes the Department to expend funds through grants-in aid or purchases of service with private agencies selected in accordance with law while endeavoring to insure that such funding is equitable with

respect to responsibilities of staff, salaries, and operational costs between and among the private agencies, and that optimal use is made of central support staff and office space;

- (8) Section 9, which requires the Department to expend funds according to the different needs of different populations, and utilize private agencies accordingly; and
- (9) Section 10, which requires the Department to give a complete report to the 1989 Legislature of everything it has done with the funds appropriated by this bill.

Your Committee wishes to emphasize that in making these changes, most of which are technical in nature, your Committee is closely adhering to the intent and purpose of the bill as received, while expressing its belief that maximum use of state funding can best be achieved by allowing the Department of Health to make decisions as to which programs receive funds for which services. Your Committee believes that the Department has the expertise and the ability to make such decisions, perhaps better than the Legislature, and if not at the present time, is rapidly gaining such ability through actual experience and true dedication.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2046, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2046, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2392 Health on H.B. No. 2197

The purpose of this bill is to relieve the counties of fiscal responsibility for persons who are unable to pay for their own care and maintenance while under quarantine for an infectious disease.

Currently, if a person is infected or suspected of being infected, the Department of Health may quarantine the person at the person's expense or at the expense of the parent or guardian; otherwise the quarantine is paid for by the county. This bill makes the State the payor of last resort.

Your Committee received supporting testimony from the Director of Health and finds that the ability of the Department to protect the public from disease is inhibited by the current separation of responsibilities between the Department and the counties. Your Committee further finds that it is more appropriate, efficient, and efficacious for the State to take full responsibility for services which are certified by one of its own executive agencies.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2197 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. 2393 Health on H.B. No. 3150

The purpose of this bill is to establish the legal basis for the special fund of the County/State Hospitals Division of the Department of Health and to establish a special fund for hospital contingencies.

Under this bill, surplus hospital revenues would be used for contingencies which might arise in any public hospital, but only when the receiving hospital's available funds are less than the amount appropriated for it and the money would be used for correcting deficiencies cited by agencies which monitor and evaluate patient care.

Your Committee received supporting testimony from the Director of Health and finds that the County/State Hospitals Division needs flexibility in administering its expenses in order to meet requirements and correct deficiencies cited by monitor agencies and to supplement shortfalls in appropriated funds. However, to clarify the authority of the Division and the general intent of this bill, your Committee has made the following amendments:

- (1) Changed the word "fund" to "moneys" on page 2, lines 1, 8, and 10;
- (2) Placed the material beginning "In the event..." and ending "section 37-53" on page 2, lines 5-11, as a separate paragraph in subsection (a), and placing the rest of subsection (a) as new subsection (c);
- (3) Added the words "is authorized to establish a special fund for hospital administration purposes and" between the words "Health," and "shall" in subsection (b), page 2, line 17; and
- (4) Numerous nonsubstantive technical changes to conform the bill with recommended drafting style.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 3150, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3150, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2394 Health on H.B. No. 2330

The purpose of this bill is to appropriate \$200,000 to establish "Operation Nightingale", a two year pilot program in the Department of Health to help nursing school graduates pass the written examination of the Commission on Graduates of Foreign Nursing Schools and the National Council Licensing Exam for Registered Nurses.

Under this concept, review and training courses would be conducted for four to six months, prior to the dates of the examinations.

Your Committee finds that this bill is consistent with other programs addressing the current shortage of nurses in Hawaii, and will provide invaluable assistance to nursing school graduates who have not yet obtained licensure in Hawaii. Many of these people are currently working as licensed practical nurses, nurse's aides, ward clerks, and in other nursing-related work, but time demands and socio-economic pressures make it difficult for them to prepare for the licensing examinations. Under this program, participating hospitals would assist aspiring R.N.'s by keeping them gainfully employed while they attend classes.

The University of Hawaii testified at a public hearing that it is anticipating cooperating fully with the Department of Health in implementing this program.

Your Committee has amended the Bill by (1) adding the word "of" between the words "representative" and "the" on page 5, line 3; (2) changing the word "five" on page five, line 5, to read "the"; (3) providing that the funding period shall be for the last quarter of fiscal year 1987-1988 and fiscal year 1988-1989; (4) changing the effective date of the bill to upon approval; and (5) making technical changes which have no substantive effect.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2330, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2330, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2395 Human Services on H.B. No. 2059

The purpose of this bill is to appropriate \$200,000 for a one-year demonstration project utilizing geriatric social workers as resident assistants in elderly housing complexes.

Your Committee received supporting testimony from the Departments of Health and Business and Economic Development and the Executive Office on Aging and finds that the bill addresses the needs of elderly housing residents. There are 2,847 elderly housing units statewide of which eighty percent are occupied by single residents. These elderly, many of whom are in their eighties and nineties, experience housing problems which the traditional housing manager is ill-equipped to handle. These problems are best handled by geriatric social workers who are specialists in understanding and counseling geriatric clients to address problems of living in senior citizen housing complexes.

Your Committee has made technical nonsubstantive changes to the bill.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 2059, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2059, 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 Hee.

SCRep. 2396 Culture, Arts and Historic Preservation on H.B. No. 2638

The purpose of this bill is to provide for the celebration of the ninetieth anniversary of the Okinawan people in Hawaii.

Since their arrival in Hawaii, the rich culture and proud heritage of the Okinawan people have been and continue to be positive influences upon life in Hawaii. Recognition of their contributions and achievements is important to promoting and maintaining cognizance of Hawaii's diverse and multicultural society.

Your Committee heard favorable testimony by the past and current Presidents of the United Okinawan Association of Hawaii (UOA) explaining that the celebration would also serve as an opportunity to honor the Okinawan issei (first generation). The Okinawan issei, much like the Naichi issei, dedicated their lives to their children's future. They made many sacrifices for the sake of their children, a noble endeavor by any standard.

The anniversary celebration will coincide with the dedication of the Okinawa Cultural and Community Center, which is being erected by second and third generations and others of Okinawan ancestry in honor of the first generation immigrants.

Your Committee has amended this bill by changing the effective date to upon approval with the appropriation to take effect on July 1, 1988. This will allow the members of the Okinawan Celebration Commission to be chosen as soon as possible so they may begin planning for the celebration.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of H.B. No. 2638, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2638, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Hagino.

SCRep. 2397 Culture, Arts and Historic Preservation on H.B. No. 3173

The purpose of this bill is to change the name of the Honolulu symphony endowment fund to the State of Hawaii endowment fund.

Act 382, Session Laws of Hawaii 1987, established the Honolulu Symphony endowment fund and appropriated \$500,000 for each of fiscal years 1987-1988 and 1988-1989. This bill renames the fund as well as establishes the following restrictions for use of the fund:

- (1) No part of the principle amount contributed by the State or by matching grants shall be used for operations of the Honolulu Symphony;
- (2) Income and capital gains from the fund shall not be used in the operation of the Honolulu Symphony if the value of the fund is less than the principal amounts contributed; and
- (3) The amounts contributed to the fund by the State shall revert to the State if matching funds or conditions to the grant of funds are not met.

In addition, this bill provides for investment of the fund and for its distribution in the event the Honolulu Symphony Trust is terminated.

Your Committee has amended this 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. 3173, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3173, 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 Hagino and Hee.

SCRep. 2398 Culture, Arts and Historic Preservation on H.B. No. 3041

The purpose of this bill is to appropriate \$500,000 to further implement plans for the Diamond Head State Monument.

The objective of the plans is to establish a semi-wild interior park and develop an exterior park for family picnic outings. Priority was given to the development of trails, the exterior parkway, roadway improvements and landscaping. In 1987, the Legislature appropriated funds now being used for planning and engineering for improvements to Diamond Head Road along the makai slopes. However, funds are now needed for the clean up, infrastructure, and landscaping of the mauka slopes.

Your Committee has amended the bill by amending Section 6E-32, Hawaii Revised Statutes, to ensure that the lands identified by tax key numbers presently under the State Department of Defense and scheduled to be returned to the Department of Land and Natural Resources will be included in the boundaries of the Diamond Head State Monument. The bill, as amended, is consistent with the following legislation:

- (1) Act 249, enacted in 1965, which established Diamond Head as a State Monument and an Historic Site consisting of those lands essential to the unimpaired preservation of its visual and historic aspects;
- (2) Act 182, enacted in 1975, which states that all lands within and adjacent to the Diamond Head State Monument shall be returned to the Department of Land and Natural Resources for inclusion within the monument except for land upon which is situated a structure in active use for the purposes disposed of; and
- (3) H.C.R. 100, H.D. 1 adopted by both houses of the 1987 Legislature, which set forth a clear position that the exterior slopes of Diamond Head shall remain free of development to assure that no tennis facility is built on Diamond Head's outer slopes.

Your Committee has further amended this bill by changing the effective date to July 1, 1988 to coincide with the fiscal year and by making other technical amendments to conform to proper drafting style.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of H.B. 3041, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3041, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senator Hagino.

SCRep. 2399 Agriculture, Energy and Ocean Resources on H.B. No. 3416

The purpose of this bill is to grant direct loans to sugarcane growers whose costs of production exceed their returns, until such time as adequate returns are received, or the prospects for such returns are deemed realistic.

This bill authorizes the Department of Agriculture (DOA) to make loans directly to sugar growers who are experiencing difficulty in obtaining sufficient funds at reasonable rates from private lenders or from other government agricultural loan programs or entities, exempts the loans from the restrictions in Section 155-3, Hawaii Revised Statutes; sets the interest on loans; allows the DOA to insure loans; and appropriates \$5,000,000 to the agricultural loan revolving fund to make farm loans to sugar growers.

Your Committee heard testimony from the DOA, the Governor's Agricultural Coordinating Committee, the Hawaiian Sugar Planters' Association, the College of Tropical Agriculture and Human Resources, Mr. Francis Morgan, the Mayor of the County of Hawaii, the International Longshoremen's and Warehousemen's Union, members of the Hamakua Coast community, employees of Hamakua Sugar Company, representatives of the United Cane Growers Association, and numerous others in favor of the intent and purpose of this bill. The testimonies indicated a need to assist sugar growers and processors in overcoming their economic difficulties.

Your Committee concurs with the intent of this bill, but agrees with the DOA that this matter can best be addressed through existing statutes. Your Committee has therefore amended the bill by providing an appropriation of \$5,000,000 for fiscal year 1988-1989, to be paid into the agricultural loan revolving fund, to make loans to qualified farmers under the rules of the Department.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 3416, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3416, 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 Holt and Young.

SCRep. 2400 Labor and Employment on H.B. No. 2448

The purpose of this bill is to provide health insurance benefits to certain legislative employees.

This bill amends the definition of "employee" in section 87-1, Hawaii Revised Statutes, by including persons who are employed at the Legislature for at least three months and whose employment is at least a one-half full-time equivalent position, and by deleting the clause which excludes an employee of the Legislature, other than a member of the permanent staff, from health insurance eligibility.

Currently, an employee of the Legislature is excluded from receiving health insurance coverage from the Public Health Fund. During the Legislative Session and the interim weeks, many of these employees must work long hours under obvious stress, yet they have no access to group health insurance coverage. This stress alone puts them at higher risks for illness and accidents especially since the legislature offers no sick leave and salaries do not adequately provide for extra medical expenses which can amount to financial hardship.

Your Committee finds that this legislation is a needed step in assuring equal access to health care for legislative employees.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 2448, 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. 2401 Labor and Employment on H.B. No. 3008

The purpose of this bill is to clarify Section 6 of Act 225, Session Laws of Hawaii 1987, relating to the right and ability of any public officer or employee to receive salary increments, reallocations, or any other form of pay increase derived from or gained through established civil service procedures.

Act 225, Session Laws of Hawaii 1987, was a follow-up to Act 157, Session Laws of Hawaii 1986, mandating that a pay equity study be conducted of State and County classes of work. The study involved the review of the work of female- and male-dominated classes of work to determine whether there is wage discrimination, based on sex, in the job evaluation system. The study found no wage discrimination based on sex, however, the State and County assessments of a few classes of work were found to be at variance. As a result, Act 225 adjusted the pay for the classes at variance.

This bill ensures that employees in classes of work which were not adjusted have the right to petition for appeal to seek adjustments.

Your Committee has amended the bill by giving affected employees the right to petition for appeals and receive pay increases retroactive to June 23, 1987.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 3008, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3008, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2402 (Joint) Education and Judiciary on H.B. No. 3009

The purpose of this bill is to place upon the Department of Education the direct responsibility for the junior police organizations in the public school, to establish part-time school security personnel to supervise the daily activities of the junior police, and to provide immunity from civil liability for the various employees of the Department of Education and other participants in junior police organizations.

Your Committees received testimony supporting the concept and existence of the JPO program, but have amended the bill as follows:

- (1) By requiring that the Chief of Police of each County consult with the Department of Education on identifying the need for JPO's;
- (2) By removing the immunization from liability of parents and educational officers involved in the program, which was a major aspect of the bill;
- (3) By allowing the State to procure liability insurance for the program, though not making its existence dependent on such procurement;
- (4) By raising the amounts of benefits allowable for injuries or death; and
- (5) By appropriating grants-in-aid to the Counties of Hawaii to hire traffic monitors to supervise junior police officer programs.

Your Committees on Education and Judiciary are in accord with the intent and purpose of H.B. No. 3009, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3009, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senators Menor, Holt and Solomon.

SCRep. 2403 Labor and Employment on H.B. No. 3404

The purpose of this bill is to allow certain government employers to adjust the pay of their excluded managerial employees who were incumbents when the Excluded Managerial Compensation Plan went into effect.

Under current law, employees who were incumbents when the Excluded Managerial Compensation Plan (EMCP) went into effect are paid less than included employees who were or subsequently are promoted into the EMCP. This bill allows the chief executives of the State and Counties, the Board of Education, the Board of Regents, the Auditor, the Director of the Legislative Reference Bureau, the Ombudsman, and the Chief Justice, or their designated representatives, to adjust the pay of excluded managerial employees to correct a long-standing breach of sound merit principles of employment.

Your Committee received supporting testimony from the Director of Personnel Services, from HGEA-AFSCME, and from PEMAH and finds the bill recognizes the importance of the excluded managerial group. However, your Committee finds that the bill extends beyond the corrections desired for the EMCP employees. Therefore, your Committee has amended the bill by:

- (1) Deleting all the new provisions relating to personnel movements by non-EMCP employees;
- (2) Deleting the new provision ensuring general pay adjustments which already is codified; and
- (3) Deleting the new provision mandating pay adjustments for all existing employees because it goes beyond what is needed.

Your Committee does recognize, however, that there is a problem with lesser pay for some charter employees (employees who were incumbents when the EMCP went into effect) relative to bona fide counterparts, and therefore has amended the bill by:

- (1) Making a single retroactive pay adjustment to excluded charter managerial employees;
- (2) Making this bill severable; and
- (3) Changing the effective date to coincide with the beginning of the fiscal year.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 3404, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3404, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2404 Labor and Employment on H.B. No. 3414

The purpose of this bill is to appropriate funds for the legislative reference bureau to conduct a study of the compensation plans of the secretarial classes within the state civil service for the purpose of correcting any pay inequities.

During the regular session of 1987, the legislature adopted H.R. No. 358, which requested the conference of personnel directors to conduct a review of the secretarial classes of the state civil service to focus on pay inequities. Although studies have been made, no pay inequities have been corrected. This bill appropriates \$50,000 to the legislative reference bureau to conduct a study to compare and review the compensation plans for the secretarial classes within the civil service. The findings and recommendations of the study will be reported to the legislature.

Your Committee received supporting testimony from the Department of Education, HGEA-AFSCME, and PEMAH and finds there is a significant misalignment in the classification and pay of secretaries within various civil service positions. Secretaries are valued and trusted and should be recognized for their work. The conduct of the study is a first step in correcting unfair pay inequities.

Your Committee made technical nonsubstantive changes to the bill for purposes of clarity.

Your Committee on Labor and Employment is in accord with the intent and purpose of H.B. No. 3414, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3414, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2405 Transportation on H.B. No. 2093

The purpose of this bill is to assign all Periodic Motor Vehicle Inspection (PMVI) responsibilities to the Director of Transportation.

Your Committee heard testimony on a similar bill, S.B. No. 2850, at which time the Department of Transportation (DOT) testified that at the end of the last legislative session, a task force was formed consisting of representatives from the State and county governments, inspection station operators and private citizens, to evaluate the PMVI program. The consensus of the task force, after reviewing the present PMVI law and program, was to continue the program. One of the recommendations of the task force was to place the program entirely under the control of the State government.

This administration bill places the responsibilities of the PMVI program with the DOT, directs the Director of Transportation to set the amount of the inspection fee which PMVI stations can charge vehicle owners, and allows the DOT to contract with the counties for administrative and enforcement services.

The DOT further testified that the effective date of July 1, 1989 will provide the DOT time to adopt rules, set the fees and put the program into operation.

Your Committee has amended the bill by including trailers weighing 10,000 pounds or less in gross weight rating in the PMVI program 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. 2093, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2093, 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 Tungpalan.

SCRep. 2406 Transportation on H.B. No. 3541

The purpose of this bill is to add a new chapter to the Hawaii Revised Statutes on the use of alcohol and boating safety.

This bill provides for an offense of operating a vessel while under the influence of alcohol or drugs similar to that in effect for motor vehicles.

Your Committee finds that operating a vessel under the influence of intoxicating liquor or drugs is dangerous to the health, welfare, and safety of the people who participate in boating activities. Therefore, your Committee concurs with the intent of this bill, but finds that adding a new section to Chapter 267, Hawaii Revised Statutes (HRS), similar to Section 263-11, HRS, relating to reckless operation of aircraft, a misdemeanor, is a more appropriate and simpler way to address the issue. Your Committee has therefore amended the bill accordingly.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 3541, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3541, S.D. 1, and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senator Tungpalan.

SCRep. 2407 Transportation on H.B. No. 2550

The purpose of this bill is to clarify the definition of public highways.

This bill adds a definition for public highways, to include both state and county highways, and to exclude rail operation as transportation on public highways. This bill also expands the definition of highways to include private roadways, to allow the police department to enforce traffic violations on private roads.

Presently, only roads open to the public which are publicly maintained are covered under the highway safety rules and regulations and the Statewide Traffic Code. Therefore, violations which occur on private roads are not enforceable under these rules and regulations. This bill will provide for the enforcement of violations on private roads by expanding the definition of highways to include private roads, except those that are used primarily for agricultural purposes.

Your Committee, upon consideration of this bill, does not believe that this is the proper manner in which to address this matter. Including private roads in the definition of highways would not only allow the police department to enforce traffic violations on private roads, but would also confuse the matter of maintenance of these roads. It is not the intent of your Committee to broaden the government's responsibility to maintain private roads, but to enforce traffic violations throughout the State.

Your Committee, after consulting with the State Attorney General, finds that amending Section 46-16, Hawaii Revised Statutes, is a more proper way of allowing the police department to enforce traffic violations on private roads without requiring the State to maintain these roads. Your Committee has therefore amended the bill accordingly.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 2550, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2550, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Chang, Holt, Menor and Tungpalan.

SCRep. 2408 Transportation on H.B. No. 3060

The purpose of this bill is to provide an effective and efficient system of collecting parking fines from visitors who lease or rent motor vehicles in Hawaii.

There are approximately 30,000 vehicles in the State that are leased to visitors on a daily or weekly basis. Visitors are responsible for thousands of parking citations issued every year. In many instances, the visitor departs without advising the rental or U-drive company of the parking citation, and only upon the annual re-registration of the vehicle is the company advised of the outstanding violation.

Failure to appear in court within seven days for non-payment causes the issuance of a penal summons and added expenses for the company.

This bill would remedy this inequitable situation by holding the lessee liable for a parking citation if the lessor provides the court with certain information concerning the offending lessee. The bill also provides that the presiding judge may waive this requirement in lieu of an administrative fine not to exceed two dollars.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 3060, H.D. 1, and recommends that it pass Second Reading and be referred to the Committee on Judiciary.

Signed by all members of the Committee except Senators Chang, Holt, Menor and Tungpalan.

SCRep. 2409 (Joint) Health and Human Services on H.B. No. 2054

The purpose of this bill is to appropriate funds to establish a parenting education demonstration project, a parent telephone line, and a conference on child care issues.

Specifically, the bill would appropriate \$100,000 to the Department of Human Services for the parenting demonstration project, \$230,000 to the Department of Health for the parent telephone line, and \$30,000 to the Office of the Governor to be expended by the Office of Children and Youth for the conference on child care issues.

Your Committees received substantial testimony in favor of this bill and finds that these are worthy projects. However, your Committees find that to achieve maximum efficiency and efficacy of state appropriated funds for children's services and projects, the bill requires modification and some redirection of revenues, goals, and objectives. Therefore, your Committees have amended the bill by deleting its substance and inserting the following material:

- (1) A statement of findings focusing on the complexities of our modern age which often result in child abuse and neglect, parents who are unprepared for their parenting duties and obligations, employed parents, lack of adequate information, and issues of infant care, preschool, and after-school care/latchkey children;
- (2) A restatement of the purpose of the bill emphasizing the establishment of a parenting education demonstration project including a parent information telephone line and expansion of existing child care referral service and support efforts towards development of a long-range statewide plan for child care;
- (3) An appropriation of \$240,000 to the Department of Health for a parenting education demonstration project and a parent information telephone line. The demonstration project would be modeled on a similar project in Minnesota emphasizing primary prevention and positive parenting techniques. The parent information line would be an extension of the currently federally funded pilot project;
- (4) An appropriation of \$80,000 to be expended by the Department of Human Services to contract with People Attentive to Children (PATCH) to develop a childcare switchboard which would offer free information and referrals for parents on available child care provider services throughout the State; and
- (5) An appropriation of \$30,000 to be expended by the Office of Children and Youth to develop a long-range statewide plan for child care.

Your Committees on Health and Human Services are in accord with the intent and purpose of H.B. No. 2054, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2054, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senators Hee and Menor.

SCRep. 2410 Health on H.B. No. 2604

The purpose of this bill is to appropriate \$576,800 to be expended by the Department of Health in fiscal year 1988-1989 for community based employment programs for the chronically mentally ill.

Your Committee received supporting testimony from the Director of Health and others and finds that these funds would be used to continue a program called "The Clubhouse" created pursuant to Act 340, Session Laws of Hawaii 1987, to afford severely mentally ill persons the maximum opportunity to reach their highest level of functioning in relation to employment.

However, your Committee finds the need to amend this bill to accurately specify the duration of the appropriation and the kinds of programs which it will enable. Therefore, your Committee has provided that the appropriation shall be for fiscal years 1988-1989 and 1989-1990, and that the funds will be expended for "community based programs for the chronically mentally ill, including programs for employment and psychosocial and vocational rehabilitation."

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2604, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2604, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2411 Health on H.B. No. 3012

The purpose of this bill is to provide \$660,000 to the Department of Health for additional mental health positions for mental health services to children and youths in each geographic region of the State.

Your Committee received supporting testimony from the Director of Health and finds that this bill will provide flexibility in funding and staff so that a range of appropriate mental health resources may be allocated student by student and region by region to meet the mental health needs of children and youth throughout the State.

Your Committee has amended this bill by making nonsubstantive technical changes to conform with recommended drafting style.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 3012, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3012, 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 Solomon.

SCRep. 2412 Health on H.B. No. 2346

The purpose of this bill is to ensure that habitable buildings are not prevented from obtaining licenses on the basis of conflicting or incorrect interpretations of recent amendments to the laws regulating such licenses.

Specifically, the bill provides that any hotel, boardinghouse, lodging and tenement house having a license to operate prior to May 13, 1986 shall not be subject to the requirements of Section 445-94, Hawaii Revised Statutes (certificates for licensing based on health and sanitation examinations and clearance from the county zoning authority ensuring compliance with county codes) if such requirements are more stringent than those in effect for the building prior to May 13, 1986.

Your Committee received supporting testimony from the Director of Health and finds that the Department has been unable to issue sanitation certificates to tenement houses having more than nine rooms because of the definition of tenement house contained in Act 149, Session Laws of Hawaii 1986 (Section 445-90). This bill will allow the Department to issue certificates based on public health requirements and not on the number of rooms existing in habitable buildings.

Your Committee has amended this bill by giving the new section to be added to Chapter 445 a title: "Exemptions," and by generally rewriting the bill to ensure that its intent and purpose are clearly understood.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2346, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2346, H.D. 2, S.D. 1, and be referred to the Committee on Government Operations.

Signed by all members of the Committee.

SCRep. 2413 Housing, Hawaiian Programs and Natural Resources on H.B. No. 2957

The purpose of this bill is to provide a tax credit for certain low-income housing projects.

Currently, section 42 of the federal Internal Revenue Code provides a low-income tax credit for certain low-income housing projects. The credit may be claimed in a maximum amount equal to either four or nine percent, depending on whether the project is newly rehabilitated or constructed. This bill establishes a State low-income housing tax credit equal to thirty percent of the credit provided under the federal program.

In order to qualify for the credit:

- (1) The low-income housing project must set aside at least twenty to forty percent of the units for low-income tenants;

- (2) The gross rent charged to each tenant may not exceed thirty percent of the tenant's income level; and
- (3) The State must authorize qualified projects and allocate the total state dollar amount allowed.

Your Committee received supporting testimony from the Departments of Taxation and of Business and Economic Development, the City and County of Honolulu, the Tax Foundation of Hawaii, and the Land Use Research Foundation of Hawaii and finds the bill provides an additional incentive for the development of new rental units or the rehabilitation of existing rental units.

Providing decent and affordable rental housing is a major goal, though very difficult to achieve. The economic incentives of the bill represent an effective way to increase private sector production of low-income housing.

Your Committee has amended the bill by

- (1) Substituting the general purpose language of the bill with specific language;
- (2) Setting forth the low-income housing tax credit in detail;
- (3) Placing administration of the credit under the authority of the Housing Finance and Development Corporation;
- (4) Ending the credit after 1989, except for projects already in progress and for those credits which have not been exhausted;
- (5) Changing the effective date back to December 31, 1987, as originally drafted; and
- (6) Making other 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. 2957, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2957, 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 Hagino and Young.

SCRep. 2414 Housing, Hawaiian Programs and Natural Resources on H.B. No. 2914

The purpose of this bill is to provide loans to Manoa residents who have suffered losses to their homes and lands from the devastating effects of ground movement.

In addition, funds are to be provided to begin planning temporary housing on University of Hawaii lands in which affected residents would be relocated while their homes are being repaired or reconstructed. Relocation would be optional. Funding would also be provided for low interest loans to affected residents through the Housing Finance Revolving Fund for the rehabilitation of homes, along with financial assistance to the City and County of Honolulu for repairs to existing utilities and drainage systems.

The Housing Finance and Development Corporation testified in support of the intent and purpose of this bill but requested that several sections be clarified. In addition, the Corporation informed the Committee that funding in the amount of \$25 million dollars for the Housing Finance Revolving Fund had been discussed in prior hearings.

The University of Hawaii, although concerned and sympathetic within the plight of the residents, felt that they might be legally constrained from rendering assistance as specified in the bill, and questioned whether the bill was consistent with the public trust requirement of the State constitution. However, the University expressed a willingness to be open to discussion should its concerns be satisfactorily addressed. In addition, the University felt that it would need assurance that any housing built on University lands and used by the residents of Manoa for temporary relocation would eventually revert back to the University, and that any housing built on University lands be consistent with the University's Master Plan. Your Committee was informed that \$50,000 would be adequate to begin planning for University housing, if these concerns were adequately addressed.

Your Committee intends that if qualified residents must move out of their homes for rehabilitation, renovation, or new construction purposes, public funding should be provided to qualified residents for improvement under governmental supervision. Your Committee views corrective and preventive measures of this nature, whether undertaken by the State or the City and County of Honolulu, to be for the public purpose and in the public interest.

Your Committee has amended the bill by deleting a sentence in page 2, lines 17 through 20, and inserting language referencing a revolving loan fund. Your Committee has also amended the bill by providing \$50,000 in Section 3 to plan for temporary housing, and clarified the State's intent of this bill in Section 5.

Your Committee has further amended the bill by increasing the appropriation in Section 5 from \$2.5 million to \$4 million, and by providing that repairs by the City and County of Honolulu may be done on both public and private lands and that the City and County of Honolulu may acquire damaged lands through negotiations, if such action is appropriate and agreeable to all concerned parties.

Your Committee has also made technical, nonsubstantive changes to the bill for purposes of style and clarity.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 2914, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2914, 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 Hagino and Young.

SCRep. 2415 Housing, Hawaiian Programs and Natural Resources on H.B. No. 3137

The purpose of this bill is to authorize the Department of Land and Natural Resources (DLNR) to negotiate long-term leases to qualifying permittees, who depend on farming state land for a livelihood.

This bill is consistent with objectives of the Hawaii State Plan for continued growth and development of diversified agriculture throughout the State and provides for one of several stipulated uses for proceeds from the public land trust.

Certain permittees of agricultural lands have occupied State lands for long periods but do not have the assurance of continued occupation because their tenure is on a month-to-month basis. Your Committee finds that this situation places an unacceptable burden on such permittees because adequate financing is not available to permittees without long-term tenure. As a result, farmers are constrained by their uncertain tenure from developing the land to its fullest potential and using it more productively.

This bill would establish the criteria for DLNR to decide who is eligible for negotiation of long-term leases, the type of land eligible for lease negotiation and the conditions under which lands may be leased. This bill also provides for notification of eligible permittees and the conditions under which they may apply for a long-term lease.

In addition this bill appropriates \$500,000 for the department to implement this program and to hire the necessary personnel.

Your Committee has amended this bill by:

- (1) Deleting the condition that requires applicants to have continuously occupied State agricultural land for ten years;
- (2) Excluding from eligibility only persons who own one hundred acres or more of comparable agricultural lands rather than any comparable agricultural lands; and
- (3) Removing the phrase that allows applicants to lease more than one parcel if they constitute one economic unit.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 3137, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3137, 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 Hagino and Young.

SCRep. 2416 Planning and Environment on H.B. No. 3035

The purpose of this bill is to appropriate funds for a baseline study of the Hanalei River estuary and other north shore rivers on Kauai.

The study shall include:

- 1) Development of methods to identify breeding streams and estuaries in a sample of streams and estuaries on Kauai's north shores;
- 2) Reconnaissance surveys of north Kauai estuaries involving systematic observation of fish species found in samples of north shore estuaries;
- 3) Evaluation of methods for determining native Hawaiian stream fish population sizes; and
- 4) Comparative sediment testing of the Wainiha, Lumahai and Hanalei River estuaries and boat launching areas for analysis of the impact of heavy metals and organic toxic material, including photograph records and turbidity measurements;

in order to anticipate biotic responses to ongoing and proposed activity for the Hanalei River estuary and other north shore river estuaries.

This bill also directs the Department of Land and Natural Resources to submit a report of the findings and recommendations to the Legislature twenty days prior to the convening of the 1990 legislative session.

Your Committee finds that, according to the interim report on House Resolution 210, H.D. 1 and House Concurrent Resolution 119, H.D. 1 and the report on House Resolution 405, the Department of Land and Natural Resources is compiling and reviewing pertinent reports and data for managing the resources and activities on the north shore (Kauai) river, stream, and coastal systems. Information on the stream ecosystem for the Wainiha, Lumahai, and Hanalei Rivers, and certain Na Pali coast rivers and streams are available in Environmental Assessments and Environmental Impact Statements for hydroelectric projects, research reports and/or other studies, etc.

It is unclear to your Committee what information is already available relative to stream ecosystem and native species enhancement being conducted during the 1987-89 fiscal biennium.

Your Committee recommends that the Committee on Ways and Means look into what information and data is currently available to avoid unnecessary expenditure of public funds on studies for which information may already be available. Any information relevant to the purposes of this Act as outlined in Section 2, and currently available to the Department of Land and Natural Resources, may necessitate the revision of the appropriation requested.

Your Committee has amended the bill to include an inventory of estuarine resources and activities of the Hanalei and north shore in the baseline study.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 3035, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3035, 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 Nakasato and Menor.

SCRep. 2417 Planning and Environment on H.B. No. 2591

The purpose of this bill is to appropriate funds to implement environmental education programs.

Specifically this bill appropriates funds for the development and implementation of an environmental educational program, which will be coordinated by the Office of Environmental Quality Control (OEQC), to provide educational guidance to State and County agency staff to ensure conformance with environmental review procedures required by Chapter 343, Hawaii Revised Statutes.

The State Environmental Council testified that petitions for declaratory rulings and polling of County, State and Federal agencies indicate that agencies, applicants and interested members of the general public could benefit substantially from educational programs focused on natural resource policies, laws and rules.

Your Committee has amended the bill by increasing the appropriation amount to \$35,000.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 2591, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2591, 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 Nakasato and Menor.

SCRep. 2418 Planning and Environment on H.B. No. 2627

The purpose of this bill is to appropriate \$200,000 to fund the statewide collection and disposal of hazardous wastes accumulated by farmers and householders in Hawaii.

This bill serves to protect the health of Hawaii's citizens by removing unwanted pesticides and hazardous wastes in a safe and legal manner.

Currently, there are no hazardous waste landfill sites or treatment and storage facilities in the State, and the shipment of wastes to mainland facilities for disposal is very costly. In order to avoid this expense, many farmers are disposing of or storing their wastes in ways that may be hazardous not only to themselves and their immediate families, but to the environment. Some of these wastes are carcinogenic, acutely toxic, or may contaminate drinking water supplies.

Your Committee finds that hazardous waste collection programs have grown rapidly in popularity, leading to a more educated public with an increasing awareness of the proper disposal of hazardous materials. This bill will provide the necessary funding to address the concerns of our community to effectively dispose of pesticides and hazardous wastes.

Your Committee has amended the bill by stipulating that the Office of Environmental Quality Control limit the collection and disposal of pesticides used by farmers to those that have been banned by law for agricultural purposes. 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. 2627, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2627, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Nakasato and Menor.

SCRep. 2419 Planning and Environment on H.B. No. 3452

The purpose of this bill is to establish a revolving fund to provide assistance to counties or state agencies for the construction of publicly owned wastewater treatment works.

Your Committee heard testimony by the Director of Health indicating that Congress has long expected states and municipalities to eventually assume full responsibility for financing new and replacement wastewater facilities. The recently enacted Water Quality Act of 1987 sets forth a schedule and mechanism for completing the transition to full State and local responsibility.

The Environmental Protection Agency's (EPA) direct grant programs ends in 1990, while the authority for EPA to make grants to the states to capitalize state water pollution control revolving funds (SRF) begins in 1989. Congress has authorized funds for SRF capitalization grants from fiscal year 1989 through fiscal year 1994 amounting to about \$63 million to the State of Hawaii. However, after 1994, the states and municipalities will be responsible for providing financing necessary to meet the enforceable requirements of the Act.

In order to receive the \$63 million of federal capitalization grants, the State must establish, by statute, a water pollution control revolving fund in accordance with the provisions and requirements of the Water Quality Act of 1987. Establishment of the SRF would provide financial assistance to the counties constructing needed future wastewater facilities, insure compliance with statutory deadlines and protect our water resources and public health.

This bill also converts thirteen temporary positions in the Wastewater Treatment Works Construction Grants Branch to federally funded permanent positions and provides that state funds appropriated under Act 216, Session Laws of Hawaii 1987, Item D-1 be utilized as matching funds in an amount equal to twenty percent of federal capitalization grants.

Your Committee made a technical nonsubstantive change to conform the bill to recommended drafting format.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 3452, H.D. 1, is amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3452, 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 Nakasato and Menor.

SCRep. 2420 Military and Civil Defense on H.B. No. 1700

The purpose of this bill is to improve and extend the University of Hawaii tuition waiver program for Vietnam veterans.

Under subsection (c) of Section 304-14.7, Hawaii Revised Statutes, no tuition waivers for Vietnam veterans wishing to attend the University of Hawaii will be granted after September 1990. This bill will extend the deadline to September, 1993 and allow veterans to use these tuition waivers in addition to any other waivers they may obtain from the University.

Your Committee received supporting testimony from the University of Hawaii stating that this bill will strengthen the existing Vietnam veterans tuition waiver program.

Your Committee has made a nonsubstantive change to conform the bill to recommended drafting style.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of H.B. No. 1700, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1700, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2421 Military and Civil Defense on H.B. No. 2310

The purpose of this bill is to improve tsunami preparedness.

This bill appropriates \$90,000 to improve tsunami preparedness by (1) reviewing and updating tsunami evacuation maps, (2) developing uniform statewide signs and symbols designating evacuation routes, and (3) developing a public education program of tsunami awareness, preparedness, saving lives, and reducing property damage.

Your Committee received supporting testimony from the State Department of Defense, the City and County of Honolulu, and the Pacific Tsunami Warning Center and finds tsunami preparedness woefully outdated. Present tsunami inundation maps in the telephone books are twenty years old and do not reflect the significant changes in the residential, recreational, and commercial utilization of coastal areas. These maps lack the detail to accurately depict boundaries, do not provide information on evacuation direction, and need to be updated.

To support evacuation maps, signs and symbols designating evacuation routes need developing to direct people, whether walking or driving, toward safe ground. Coupled with these maps and signs and symbols there would be a continuous public education program to build and maintain public awareness of the tsunami hazard and the evacuation process.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of H.B. No. 2310 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. 2422 Military and Civil Defense on H.B. No. 2311

The purpose of this bill is to improve the tsunami warning, response, and information system.

This bill appropriates \$100,000 to improve the tsunami warning, response, and information system by (1) adding two remote data communication systems to existing tide gauges at Nawiliwili, Kauai, and at Kahului, Maui and (2) installing telemetered tsunami gauges on the Puna Coast of Hawaii and the North Shore of Oahu.

Your Committee received supporting testimony from the State Department of Defense, the City and County of Honolulu, and the Pacific Tsunami Warning Center and finds that the bill further enhances the Tsunami Warning System. Tsunamis

and high surf have claimed many lives over the years. The installation of tsunami gauges and communications equipment will provide information on tsunamis and high surf to authorities to determine when to evacuate coastal areas and when to return, thus saving lives.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of H.B. No. 2311 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. 2423 Military and Civil Defense on H.B. No. 2451

The purpose of this bill is to appropriate funds to establish a hazard mitigation inspection program within the Department of Defense.

Hazard mitigation is a complex procedure that involves engineering, technological and legal actions to correct potential hazardous conditions. The establishment of a hazard mitigation inspection program which would identify potential hazardous areas and conditions and develop measures to correct the potential hazards identified would address a very important public safety objective.

Your Committee has amended the bill by deleting Section 2 of the bill and changing the effective date from upon its approval to July 1, 1988 to conform to recommended drafting style.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of H.B. No. 2451, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2451, H.D. 1, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2424 Military and Civil Defense on H.B. No. 2532

The purpose of this bill is to establish an Office of Veterans' Services within the State Department of Defense.

There are approximately 102,000 veterans statewide, who may in some way be eligible for benefits and services provided by the State. These benefits and services are scattered throughout five or six State departments. Under current laws, the Department of Human Services acts as a clearinghouse and coordinating body for activities, services, and information relating to veterans.

Your Committee received testimony from the Department of Defense stating that the overall problem with the existing statutes, is the lack of a central focus and direction to address and resolve issues confronting the State's veterans. This bill addresses the important need to streamline and bring into clearer focus the issues, benefits, and services related and available to veterans.

Your Committee also received testimony from the Department of Human Services, the Executive Office on Aging, the Governor's Administrative Assistant on Veteran Affairs, the Governor's Veterans Affairs Advisory Council, the Disabled American Veterans, the Hawai'i State Veterans Council and the Chamber of Commerce in support of this bill.

Your Committee has amended the bill to include the overall administration of the State Veterans Cemetery on Oahu as a principal function of the Director. Your Committee notes that the Office of Veterans' Services is not responsible for the development of the State Veterans Cemetery on Oahu; this responsibility has been delegated to the Department of Land and Natural Resources (DLNR). The Office of Veterans' Services should, however, work with the DLNR to ensure that the development of the State cemetery is consistent with the guidelines set by the Veterans Administration. Upon completion of the development of the State cemetery, the DLNR will turn over the responsibility for administering the cemetery to the Office of Veterans' Services.

Your Committee has also included language to exempt the coordinator and executive secretary to the Director from Chapters 76, 77, and 89, Hawaii Revised Statutes, and has included an appropriation section providing the sum of \$184,000 to establish the Office of Veterans Services, to be expended by the Department of Defense. Your Committee has also made technical nonsubstantive amendments for purposes of style and clarity.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of H.B. No. 2532, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2532, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee.

SCRep. 2425 Housing, Hawaiian Programs and Natural Resources on H.B. No. 2017

The purpose of this bill is to establish a state agency to administer a land bank program.

The requirements of a modern society and rapidly growing population have placed increasing demands on the finite land resources of the State, creating a need to preserve these lands which increases in direct proportion to the demand to develop them.

Your Committee finds that the concept of land banking, the immediate acquisition of land for future public benefit, is vital to controlling future growth, development, and land use within the State.

Your Committee agrees that there is a need to preserve land and finds that the intent of this bill is in accord with Article XI, section 4 of the Constitution of the State of Hawaii, which authorizes the State to acquire interests in real property to control future growth, development, and land use within the State.

This bill:

- (1) Establishes the Land Bank Agency;
- (2) Provides the stipulations necessary to acquire title to, or long-term use of, lands for the land bank;
- (3) Allows for the lease of lands or other real property to which it has title;
- (4) Exempts the agency from taxation;
- (5) Provides for rulemaking; and
- (6) Appropriates \$60,000 to hire the necessary personnel to implement this program.

Your committee has amended this bill to authorize the acquisition of lands which provide public access and enhance the general public purpose of adjoining lots or land. In addition, your Committee has added a second appropriation section to provide funds to purchase parcels of land and has renumbered the section numbers.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 2017, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2017, 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 Holt, Young and Ikeda.

SCRep. 2426 Housing, Hawaiian Programs and Natural Resources on H.B. No. 2209

The purpose of this bill is to allow the City Council of the City and County of Honolulu to establish maintenance assessment districts to ensure the maintenance of public facilities improvements.

There is currently no maintenance plan in place to properly clean and maintain such areas as Kalakakua Avenue, Fort Street Mall and the Hotel Street Bus Mall.

The maintenance program would include, but not be limited to, sweeping and cleaning the sidewalks and the mall, replacing broken brick pavers or surfacing, repairing street furniture, publication dispensers and litter containers, and watering, fertilizing, and replanting landscaping.

The cost of the maintenance program shall be assessed against land specifically benefited, and the City Council shall establish a maintenance assessment fee which shall be adjusted to meet inflationary changes. Services and supplies necessary to maintain the program would be contracted by the City, and nothing in this bill would preclude the City from accepting proposals from land owners that such maintenance shall be achieved under a private agreement.

Your Committee has amended the bill by adding a new section to Chapter 46, Hawaii Revised Statutes, instead of Chapter 70, to make the bill apply to all counties rather than to just the City and County of Honolulu. Your Committee finds that this change will eliminate potential constitutional problems which would be caused by enacting a law which applies to only one county. Your Committee has also made 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. 2209, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2209, S.D. 1, and be referred to the Committee on Government Operations.

Signed by all members of the Committee except Senators Solomon, Holt, Young and Ikeda.

SCRep. 2427 Housing, Hawaiian Programs and Natural Resources on H.B. No. 3102

The purpose of this bill is to amend Act 218, Session Laws of Hawaii 1987, to provide supplemental appropriations to the Office of Hawaiian Affairs (OHA) for fiscal year 1988-1989.

Your Committee carefully examined the supplemental budget request submitted by OHA and agrees with the appropriations provided therein as sufficient to address OHA's goals and objectives.

Furthermore, in response to the current and projected growth in land acquisitions by OHA, your Committee finds that funds appropriated for these programs to be adequate and necessary. The increased appropriation provided by this bill meets the related increase in demand for administrative and legal services and also addresses the development of a land management plan which is both legally appropriate and culturally sensitive to Hawaiian values.

Your Committee has amended the bill by:

- 1) Increasing the amounts appropriated from the general and special fund for Office of the Administration (OHA 100);

- 2) Increasing the amounts appropriated from the general and special fund for Administrative Services (OHA 101);
- 3) Decreasing the amount appropriated from the special fund for Land and Natural Resources (OHA 107);
- 4) Adding three new provisos appropriating funds for Hawaiians in the 21st century; capitalization for Hawaiians Affairs, Inc.; and for establishing and documenting procedures for the operation of the board of trustees;
- 5) Amending Section 10 of Act 218, Session Laws of Hawaii A1987, by designating that \$8,000 from the sum appropriated for education (OHA 109) shall be used for a statewide kupuna conference;
- 6) Amending Section 10-12, Hawaii Revised Statutes, so that the administrator need not obtain approval of the board when hiring any officer or employee;
- 7) Amending Section 10-4, HRS, by adding a new paragraph allowing OHA to form for profit corporations; and
- 8) Making nonsubstantive changes for the purposes of clarity and conformance with recommended drafting style.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 3102, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3102, 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 Holt, Young and Ikeda.

SCRep. 2428 Housing, Hawaiian Programs and Natural Resources on H.B. No. 3450

The purpose of this bill is to make Chapter 201E, Hawaii Revised Statutes (HRS), consistent with Act 337, Session Laws of Hawaii 1987.

When Act 337 of the Session Laws created the Housing Finance and Development Corporation (HFDC), it consolidated certain provisions of Chapters 356, 359, and 359G, HRS, and recodified them as Chapter 201E, HRS.

This bill is basically a housekeeping measure that amends two sections in Chapter 201E, HRS, to correct and clarify certain provisions. The amendments this bill makes are as follows:

- (1) Delete reference to the previously repealed "chapter" in Section 201E-204, HRS, and replace it with references to the current "part;"
- (2) Remove references to "elderly persons" and "for the elderly" in Sections 201E-204 and 201E-212, HRS, to allow for broader usage of those sections;
- (3) Insert the words "may develop or" in the first sentence of 201E-212(a) to allow the HFDC more flexibility in the development of housing projects; and
- (4) Alter the sentence structure of 201E-212(a) by breaking one long sentence into two shorter ones which do not result in any substantive changes.

Your Committee has amended this bill by establishing a revolving fund for the development of housing projects. The bill creates and defines the uses of a "Homes Revolving Fund", to be administered by the Housing Finance and Development Corporation and appropriated \$120 million to finance it.

Your Committee has further amended this bill by making technical changes which have no substantive effect.

Your Committee believes that the creation of such a fund will be a sound investment for the State to develop socio-economically integrated communities that improve the quality of life for residents that participate in the programs established pursuant to Chapter 201E, HRS. It is intended that appropriated funds be used for such purposes as the construction of infrastructure, the development of offsite and on-site improvements required for development, and the development and construction of housing.

It is your Committee's intent that the \$120 million advanced for the purposes of this Act shall be returned to the State general fund at some appropriate time in the future when other suitable financing mechanisms become available.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 3450, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3450, 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 Holt, Young and Ikeda.

SCRep. 2429 Housing, Hawaiian Programs and Natural Resources on H.B. No. 3562

The purpose of this bill is to make housekeeping amendments relating to the authority of the Housing and Finance Development Corporation.

During the Regular Legislative Session of 1987, Act 24 was enacted to establish a Rental Housing Revolving Fund and Act 64 was enacted to delete existing government assisted rental housing projects from qualifying for general excise tax exemptions.

However, Act 337 of the Session Laws of Hawaii 1987, specifically provides that "Any amendment made by an act of the Regular Session of 1987 to a provision of the Hawaii Revised Statutes administered by the Hawaii housing authority which is reenacted and made applicable to the housing development and finance corporation by the new chapter in Section 15 of this Act, shall be an amendment to the new chapter." Because of this provision, it was assumed that the provisions of Act 24 and Act 64 would be incorporated into the new Chapter 201E. In fact, the Attorney General has confirmed that the provisions are law. Nonetheless, the Revisor of Statutes did not include the provisions of these two acts in Chapter 201E because of the lack of authority to interpret law.

Because the provisions of Acts 24 and 64 should have been incorporated into the new chapter, this bill provides the legal authority to include them as intended.

Your Committee received supporting testimony from the Department of Business and Economic Development and finds these housekeeping amendments necessary to the mission of the Housing Development and Finance Corporation. The Rental Housing Revolving Fund is an important aspect of the corporation's ability to finance needed housing projects for the elderly and requires inclusion in Chapter 201E, Hawaii Revised Statutes.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 3562 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 Solomon, Holt, Young and Ikeda.

SCRep. 2430 (Joint) Business Development and Pacific Relations and Planning and Environment on H.B. No. 2028

The purpose of this bill is to appropriate \$1,200,000 to be expended by the Department of Business and Economic Development for environmental and technical studies related to the final site selection and preparation of an Environmental Impact Statement for the possible establishment of a space launching facility in Hawaii.

Your Committees find that the establishment of a space launching facility will help to stimulate the economy and that the process of site selection and environmental impact evaluation should begin as soon as possible.

Your Committees wish to note that the market demand for the proposed facility is unclear and that private sector interest and support for such a project has to date been erratic. Your Committees encourage all interested parties to actively express their support so that Hawaii may soon benefit from this clean, appropriate industry.

Your Committees have amended the bill by lowering the appropriation to \$475,000.

Your Committees on Business Development and Pacific Relations and Planning and Environment are in accord with the intent and purpose of H.B. No. 2028, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2028, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senators Menor, Solomon, Young and Ikeda.

SCRep. 2431 Business Development and Pacific Relations on H.B. No. 2032

The purpose of this bill is to create the mechanism through which the State may become a leader in the field of telecommunications and information technology in the Pacific Basin and throughout the world.

The bill establishes the Hawaii Information Network Corporation, a public corporation, to coordinate and promote an information industry in the Pacific. The bill also appropriates the sum of \$9,000,000 for fiscal year 1988-1989.

Your Committee received considerable testimony in support of the bill. However, your Committee also heard some concerns about certain concepts in the bill such as the governing structure, data access fees, cost recovery, operational costs, security of data bases, and legal issues that need to be addressed before proceeding as proposed in the bill. Your Committee believes that the resolution or clarification of many of these issues will facilitate more efficient and effective progress to the commendable goals being pursued.

Your Committee has, therefore, amended the bill to reduce the scope of both the activity and appropriation in the bill to a framework that is practically achievable. The funds provided are intended not only to provide an approach to the implementation of an information industry, but also to hasten the improvement of current library systems for their clientele and further their capabilities to participate in the industry.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 2032, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2032, 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, Young and Ikeda.

SCRep. 2432 Business Development and Pacific Relations on H.B. No. 2096

The purpose of this bill is to eliminate the Aloha Tower Development Corporation.

Your Committee received testimony that the elimination of Aloha Tower Development Corporation would not be in the best interest of the State of Hawaii at this time. With the advent of strategic planning for Honolulu's south shore, the corporation should be placed in a better position to effectuate its purposes and functions.

Your Committee has therefore amended this bill to provide for a more vital Aloha Tower Development Corporation. As amended, this bill will expand the capabilities and boundaries of the corporation in preparation for detailed, long-term development of the waterfront and harborfront. The outline of the planning area would foster an integration of maritime, economic, and recreational needs. The planning area would incorporate areas from Pier 4 to Pier 23 along the harborfront and areas adjacent to those piers, including Aloha Tower, Irwin Park, the Hawaiian Electric power plant, and several parking lots.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 2096, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2096, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Menor, Young and Ikeda.

SCRep. 2433 Business Development and Pacific Relations on H.B. No. 2953

The purpose of this bill is to promote statewide coordination in the Main Street community development program between the public improvements and the improvements made by individual merchants to their properties.

Your Committee finds that small towns in Hawaii, particularly on the neighbor islands, have deteriorated economically. The buildings have become dilapidated and the services have diminished in many instances. The towns are in desperate need of being revitalized in order to make the transition into Hawaii's new economy.

The Main Street community development program provides training, technical assistance, and resource services to towns in an effort to revitalize businesses. This bill will allow the coordination between the State's efforts in revitalization and the private sector's efforts, to ensure that these efforts complement one another.

Your Committee has amended the bill by:

- (1) Inserting the amount of \$120,000 to be appropriated for the purpose of implementing the Main Street community development program;
- (2) Providing that \$25,000 of the funds shall be used exclusively for the purpose of expanding the program to include new towns;
- (3) Deleting the requirement for the private sector to provide a twenty percent match of funds; and
- (4) Specifying that the sum appropriated shall be expended by the Department of Business and Economic Development instead of the Department of Accounting and General Services. The funds will be used for operational expenses and not for capital improvement projects.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 2953, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2953, 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, Young and Ikeda.

SCRep. 2434 Business Development and Pacific Relations on H.B. No. 2031

The purpose of this bill is to create the Office of International Services within the Office of the Governor to oversee State efforts to improve diplomatic and economic ties between Hawaii and other nations.

Specifically, the bill requires the director of the Office of International Services to, among other things, develop trade and exchange programs with sister states, develop a foreign dignitary and protocol services program, review the effectiveness of present publications about Hawaii produced and distributed by the State, explore the preparation of official material for foreign dignitary guests to promote interest in investing or doing business in Hawaii. The bill also establishes an Advisory Council for International Services, requires the Office of International Services to submit a report to the Legislature, and appropriates \$250,000 to carry out the purposes of the bill.

Your Committee is concerned that the international strategic plan to be developed by the new office may overlap and conflict with the Department of Business and Economic Development's efforts to develop an overall international marketing plan. Therefore, your Committee has deleted the substance of the bill, and created certain duties within the Office of State Planning. This bill, as amended, will require the Office of State Planning to develop a plan for

- (1) International trade and exchange programs;
- (2) A protocol services program; and
- (3) Briefings of state and foreign officials.

This office shall submit a report including a draft of the strategic plan to the Legislature before the beginning of the 1989 Regular Session, and a final version of the strategic plan prior to the convening of the 1990 Regular Session.

Your Committee has also made clarifying language 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. 2031, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2031, 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, Young and Ikeda.

SCRep. 2435 Business Development and Pacific Relations on H.B. No. 2027

The purpose of this bill is to establish an Office of Space Industry in the the Office of the Governor.

The Director would be appointed by the Governor and would oversee, supervise, and direct planning, evaluation, and coordination of space-related activities in the State. Other activities would include:

- (1) Discussions related to private and international involvement in space activities;
- (2) Review of the effectiveness of current publications relating to Hawaii's impending space industry;
- (3) Serving as a clearinghouse for information on Hawaii's space activities;
- (4) Development of a business plan for a commercial space facility and pursuit of appropriate business partners;
- (5) Identification of existing resources appropriate to development of a space industry;
- (6) Liaison with federal agencies and facilities;
- (7) Facilitation of timely citizen input;
- (8) Coordination with Hawaiian organizations;
- (9) Rule making pursuant to chapter 91; and
- (10) Execution of contracts relevant to establishment of a space industry in Hawaii.

The bill also makes specific provision for coordination with communities near a space facility in relation to education and job training and employment of community residents, and appropriates \$250,000 to the Office of the Governor to establish the Office of Space Industry.

Your Committee finds that development of a space industry in Hawaii would be beneficial to the economy of the State and provide new jobs for residents in a clean industry which has little or no negative environmental implications. Your Committee also finds that Hawaii, especially the Big Island, is ideally suited for a space port and a space facility, and seeks to encourage residents, other public agencies at all levels, and the private sector to offer their support and resources towards this end.

Your Committee has amended the bill by (1) establishing the Office of Space Industry in the Department of Business and Economic Development rather than in the Governor's Office; (2) providing that the Director shall be exempt from Chapter 89, Hawaii Revised Statutes; (3) specifying that coordination with neighboring communities shall include providing goods and services for the enhancement of community life; and (4) lowering the appropriation to \$200,000.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 2027, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2027, 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, Young and Ikeda.

SCRep. 2436 (Joint) Business Development and Pacific Relations and Agriculture, Energy and Ocean Resources on H.B. No. 2151

The purpose of this bill is to establish a revolving loan program to stimulate business development and growth, especially small business and diversified agriculture on the island of Molokai.

With the cessation of commercial pineapple cultivation, and the recent cattle depopulation, Molokai's economy is severely depressed, and the island's unemployment rate is the highest in the State. Expansion of the small business community which includes artisans and cottage-type industries is viewed by many as having an important role in reviving and developing a healthy economy on Molokai. Your Committee finds that government-sponsored small business loans are needed to start up these ventures.

Your Committees have amended this bill by:

- (1) Making clarifying language changes in Section 1; in particular, stating that the revolving loan program will serve as a pilot project for programs in other rural areas;
- (2) Increasing the sum appropriated from \$1 to \$500,000 for the establishment of the revolving loan program;
- (3) Specifying that that revolving loan program will provide seed capital for small business ventures on Molokai, and that "small business" means those businesses that have no more than ten employees;

- (4) Reducing the maximum amount of a loan to any one applicant from \$250,000 to \$150,000; reducing the maximum term of a loan from twenty years to five years; and increasing the simple interest rate from four to six percent a year;
- (5) Adding that the Department of Business and Economic Development (DBED) shall adopt rules to prescribe the appropriate management counseling and monitoring of business activities;
- (6) Adding that eligibility preferences and priorities for the loan shall include activities that are appropriate for cottage industries, community-based rural development, and subsistence economies, such as export-oriented arts, crafts, and fashion operations;
- (7) Clarifying that the Mayor of the county of Maui and the Mayor's Molokai task force shall make recommendations to the DBED regarding the acceptability of the proposed business concept, but the DBED shall have final authority to approve or disapprove the loan application; and
- (8) Making technical changes which have no substantive effect.

Your Committees on Business Development and Pacific Relations and Agriculture, Energy and Ocean Resources are in accord with the intent and purpose of H.B. No. 2151, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2151, H.D. 2, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committees except Senators Holt and Young.

SCRep. 2437 Business Development and Pacific Relations on H.B. No. 2146

The purpose of this bill is to expand on and clarify Act 315, Session Laws of Hawaii of 1986 relating to "Employee Stock Ownership Programs" and to extend its effective date to June 30, 1993.

The Hawaii State Plan, Section 226-103(a)(9), Hawaii Revised Statutes, establishes as an economic priority guideline, a policy that directs offices of the State to support and encourage through educational and technical assistance programs, expanded opportunities for employee ownership and participation in Hawaii businesses. In Act 315, Session Laws of Hawaii 1986, the Legislature enacted an interim program to implement this policy.

Your Committee has amended the bill by deleting the word "STOCK" and adding the word "PARTICIPATION" in the title as well as in the text of the chapter created by Act 315. The purpose of this amendment is to clarify that both ownership and participation are to be promoted.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 2146, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2146, 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, Young and Ikeda.

SCRep. 2438 Business Development and Pacific Relations on H.B. No. 2022

The purpose of this bill is to establish a business permits service center which shall provide information and services to expedite the permit application process.

The bill establishes the center with the following functions, powers, and duties: to provide comprehensive information on required permits; to facilitate contacts between the applicant and state agencies; to research, compile, and maintain a file of applicable state and federal laws and financial assistance programs; to encourage and facilitate the cooperation of federal and local government agencies on permit coordination; to promote the center's services to the public; to make recommendations to state agencies for expediting permit procedures; and to adopt rules, procedures, instructions, and forms as necessary to carry out the functions, powers, and duties. In addition, the center shall provide a toll free telephone business information service within the state and direct telephone lines to those agencies that have a direct relationship to permit function.

Your Committee finds that the numerous regulatory requirements imposed by government on business and commercial activities in Hawaii can often be unduly burdensome and time-consuming, especially to small businesses. Your Committee further finds that there is an urgent need to establish a means to assist persons engaging in or intending to engage in business or commercial activities in Hawaii in a coordinated and expeditious manner. This bill will serve to meet that need.

Your Committee has amended the bill by:

- (1) Deleting section 1 of the bill which sets forth the findings of the legislature and purpose of the bill. In doing so, your Committee deleted the reference to the words "one-stop business permit center". Identifying the center as a "one-stop business permit center" implies that all business-related regulatory credentials will be issued. It is merely intended that the center be located in an easily accessible area.
- (2) Adding that the center shall accept permit application and associated fees on behalf of participating agencies in accordance with agreements reached with these agencies. The purpose of this amendment is to authorize the center to collect fees on behalf of agencies for a more efficient process.

Your Committee has inserted the sum of \$1 to be appropriated, so that a more accurate estimate of the amount can be determined at a later date.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 2022, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2022, 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, Young and Ikeda.

SCRep. 2439 Business Development and Pacific Relations on H.B. No. 1326

The purpose of this bill is to provide early-stage financing to promote product and process development by exploiting new technology.

Early-stage financing of entrepreneurs and new businesses can be achieved by expanding the scope of Chapter 211E, Hawaii Revised Statutes, relating to the Hawaii invention development program. This bill amends Chapter 211E by establishing the Hawaii innovation development fund.

In keeping with your Committee's policy to encourage the innovative development of business, your Committee has amended the bill by substituting the Hawaii innovation development program with the small business incubator program, an alternative program to assist the development of small businesses. Your Committee finds that this new program will assist the creation of quality jobs within the small business community. Priority assistance will be given to those businesses engaging in high technology.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 1326, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1326, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Menor, Young and Ikeda.

SCRep. 2440 Business Development and Pacific Relations on H.B. No. 3441

The purpose of this bill is to make the Capital Loan Program more responsive to market conditions.

Specifically, the bill allows capital loans to be granted as a participation loan with a private financial institution, and as an enticement for new businesses to start up in the State. Under current law, a loan may not be granted unless financial assistance is not available to the applicant.

The bill would also require each loan to bear a simple interest rate at one percent below the prime rate or at seven and one-half percent a year, whichever is lower. The prime rate would be determined on January 1 and July 1 of each year on the basis of the rate charged by the two largest banks in the State as identified by the Department of Commerce and Consumer Affairs, Division of Financial Institutions. Should there be a difference in rates charged by the banks, the lower shall be used to determine the simple interest rate.

Your Committee finds that this bill reflects a practical approach to improving Hawaii's business climate and stimulating Hawaii's economy.

Your Committee has amended the bill by deleting the phrase "and as an enticement in attracting new businesses to the State", from page 2, lines 13 and 14.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 3441, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3441, S.D. 1, and be referred to the Committee on Ways and Means.

Signed by all members of the Committee except Senators Menor, Young and Ikeda.

SCRep. 2441 Ways and Means 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 testimony in support of this bill 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 this bill to:

- (1) Provide that the rate of payment for reimbursing individual practitioners in the State's Medicaid program be based on the most current profile of fees available, in the event that current profile data is not available;
- (2) Require that payment rates cannot be reduced unless required by law, to prevent an inflationary escalation of charge profiles; and
- (3) Correct language in the first sentence to reflect amendments made in 1987.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1600, 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. 1600, H.D. 2, S.D. 2.

Signed by all members of the Committee.

SCRep. 2442 Ways and Means on H.B. No. 225

The purpose of this bill, as received, is to revise the current law concerning veterans' cemeteries by deleting specific land area requirements, providing that the department of land and natural resources administer and maintain all state veterans' cemeteries, permitting the department to contract out for services related to cemetery administration and maintenance, and appropriating the sum of \$500,000 for the planning, design, and land acquisition of a state veterans' cemetery on Oahu and for the development of a permanent public memorial at the cemetery site.

Your Committee has amended the bill substantially by deleting the references to the state law on veterans' cemeteries, and by appropriating the sum of \$675,000 for fiscal year 1988-1989 to acquire land for a state veterans' cemetery on Oahu. Your Committee finds that the abbreviated scope of the bill will adequately address the problem of creating a second veterans' cemetery to supplement the current site at the Punchbowl, the only national military cemetery in Hawaii, which is rapidly approaching full capacity.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 225, 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. 225, H.D. 2, S.D. 2.

Signed by all members of the Committee.

SCRep. 2443 Ways and Means on H.B. No. 501

The purpose of this bill is to authorize the issuance of general obligation bonds to finance capital improvement projects and to declare findings that the total amount of principal and interest estimated for these bonds and all bonds authorized but unissued and calculated for all bonds issued and outstanding will not cause the debt ceiling to be exceeded at the time of issuance.

This bill is intended to fulfill the provisions of Article VII, section 13, of the Constitution of the State of Hawaii, which 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 state bonds authorized by law.

Your Committee has amended the bill, as received, by inserting the sum of \$1 on page 5, line 19, and page 11, line 15, as the total amount of general obligation bonds authorized. It is the intent of your Committee in amending the bill to insert the appropriate amounts in conference. Your Committee has also made technical, nonsubstantive changes for the purpose of style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 501, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 501, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2444 Ways and Means 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 power generation provides an excellent source of constant, dependable power.

Your Committee has amended the bill by increasing the maximum amount of special purpose revenue bonds authorized to be issued to \$5,000,000, and by making a technical, nonsubstantive change.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 461, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 461, S.D. 1.

Signed by all members of the Committee.

SCRep. 2445 Government Operations on S.R. No. 26

The purpose of this resolution is to study the feasibility of facilitating public access to certain information.

This resolution requests the Legislative Reference Bureau to study the feasibility of publishing certain types of reference documents similar to those published by the Federal government and other states. The study and recommendations should be completed and submitted to the Legislature prior to the convening of the 1989 legislative session.

Presently the federal government publishes compilations such as the Federal Register and Code of Federal Regulations, and states such as Illinois, Nebraska, Wisconsin, and others publish documents such as the "Blue Book", as reference documents for public information and record. These documents assist the public in monitoring and educating themselves about governmental actions. Your Committee finds that it would be worthwhile to study the feasibility of having the State publish similar documents.

Your Committee received testimony from the Governor's Committee on Public Records and Privacy Laws in support of this resolution.

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 26 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 2446 Government Operations on S.R. No. 24

The purpose of this resolution is to streamline the storage and destruction process of confidential materials.

This resolution requests the Legislative Reference Bureau to conduct a study, in consultation with the State Archives, of the various Federal and State statutes relating to the retention and dissemination of records maintained by public archives. The purpose of the study would be to generate proposed legislation to address issues relating to storage, retention periods, release of confidential records and destruction of archival materials. The study and recommendations should be completed and submitted to the Legislature prior to the convening of the 1989 legislative session.

Your Committee received testimony from the Department of Accounting and General Services, which is responsible for the State Archives, and the Governor's Committee on Public Records and Privacy Laws in support of this resolution.

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 24 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 2447 Corrections on S.C.R. No. 57

The purpose of this Senate Concurrent Resolution is to request a management audit of the Department of Corrections.

In 1985, a panel of experts was authorized to study prison conditions and to develop plans to improve health care, food service, prison environment, corrections training and staffing, and inmate classification. In 1987, the Department of Corrections was established to better address the problems and deficiencies in the corrections system and to improve administrative accountability.

Although the Department of Corrections has made progress in implementing the corrective measures recommended by the panel of experts, significant problems continue to exist within the correctional facilities. Earlier this year, a standard security staffing assessment was conducted for all the correctional facilities and the Department of Corrections was criticized for its poor utilization of staffing resources, particularly the lack of proper staff deployment.

Moreover, concerns have been raised within the correctional system itself that the Department of Corrections has failed to (1) clearly articulate its long-term goals and policies for the correctional system; (2) engender the confidence in the competence and qualifications of correctional administrators among correctional employees; and (3) improve its departmental budget preparation and planning processes.

Your Committee finds that this is a critical developmental period for the Department of Corrections and that it is essential to implement new and innovative techniques and attitudes in correctional management if the corrections program is to improve.

This Senate Concurrent Resolution requests the Legislative Auditor to conduct a management audit of the Department of Corrections. This management audit will ascertain the Department of Correction's progress in implementing past recommendations, will identify other areas that require changes to improve the department's administrative efficacy, and will assist the department in developing an improved formal management system.

Your Committee received full support for this management audit from the Department of Corrections.

Your Committee has amended this resolution to encourage the Legislative Auditor to receive community input to the extent practicable. Your Committee recognizes that community organizations that have worked within corrections may possess helpful perspectives concerning the management of the Department of Corrections.

Your Committee on Corrections concurs with the intent and purpose of S.C.R. No. 57, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 57, S.D. 1.

Signed by all members of the Committee except Senator Hee.

SCRep. 2448 Military and Civil Defense on H.B. No. 3487

The purpose of this bill is to extend the time period in which to brief new guard members on the Hawaii Code of Military Justice.

Under current law, Section 124A-163, Hawaii Revised Statutes (HRS), requires new guard members to be briefed on specific sections of the Hawaii Revised Statutes relating to the Hawaii Code of Military Justice within a 30-day period from the time of induction. This bill extends the 30-day period to 90 days.

According to the Department of Defense, it has experienced difficulties in complying with the 30-day period. First, at the very most, there are only two drill days in the 30-day period to brief new members. Secondly, guard members have other mandatory training requirements to fulfill during the two-day training period.

The change from 30 to 90 days to fulfill the statutory requirement to brief new guard members would make the administration of Section 124A-163, HRS, less difficult and more realistic.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of H.B. No. 3487 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2449 Military and Civil Defense on H.B. No. 3488

The purpose of this bill is to change the title of the Hawaii State Guard to the Hawaii State Defense Force.

This bill amends various sections of the Hawaii Revised Statutes (HRS) by substituting the term "state defense force" for the term "state guard," wherever it appears.

Presently, states with active state defense forces with title designations similar to their state National Guard are experiencing confusions in the proper identification of their forces. Such confusions impact public identification requirements and the command, operations and administration of those forces.

A change in title will eliminate future confusions in identity between the Hawaii State Guard, Hawaii Army National Guard, and Hawaii Air National Guard -- should the Hawaii State Guard be activated. A title change would also place Hawaii in conformity with national title designations for state defense forces.

Your Committee has amended the bill by including Section 121-3, HRS, which also makes reference to the term "state guard".

Your Committee on Military and Civil Defense is in accord with the intent and purpose of H.B. No. 3488, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3488, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2450 Health on H.B. No. 3190

The purpose of this bill is to repeal the mandate that the Department of Health, after July 1, 1988, shall not approve the issuance of permits for new community health facilities involving group living by eight or less residents in community facilities licensed by the State as adult residential care homes or intermediate care facilities, which are not in conformance with the community facilities impact plan.

Your Committee agrees that the mandate should be repealed, contingent on the creation of a Dispersal Review Council which would ensure that group living facilities for persons who are developmentally disabled, elderly, handicapped, mentally ill, or totally disabled are dispersed appropriately throughout the State. Such a proposal was introduced as H.B. No. 2383, and your Committee finds that incorporating this material into this bill will provide the protection, safeguards, and attention to these groups contemplated by the State and the Legislature. Therefore, your Committee has amended this bill by establishing the Dispersal Review Council which shall do the following:

- (1) Maintain an updated registry of group living facilities;
- (2) Establish criteria to determine geographic areas for group living facilities dispersal, including the saturation rating of the area, and criteria to determine when an area is oversaturated;
- (3) Establish memoranda of agreement with licensing agencies to utilize the saturation rating system;
- (4) Review applications for licensure of new group living facilities;
- (5) Explore means to resolve conflicts between group living facilities and the community; and
- (6) Explore incentives for new and existing group living facilities to locate or relocate outside saturated areas.

The bill, as amended, defines group living facilities to include adult residential care homes, intermediate care facilities, special treatment facilities, and boarding houses, lodging or tenement houses, group homes, group residences, or group living arrangements, and includes an appropriation of \$72,544 to the Department of Health to implement the new chapter.

In addition, the State Health Planning and Development Agency would provide staff services, but administratively, the Council would be independent of the State Agency.

Your Committee has further amended the bill by (1) providing that the initial members of the Council may organize themselves and proceed to implement this chapter prior to confirmation by the Senate; (2) providing that Section 321-15.8, Hawaii Revised Statutes, shall be repealed upon gubernatorial nomination of the council members; (3) that the council members shall concentrate on implementing the provisions of this bill on Oahu until July 1, 1990; and (4) that no new licenses for group living facilities shall be issued in specifically identified highly saturated census tract areas between the effective date of this bill and July 1, 1989.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 3190, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3190, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2451 Culture, Arts and Historic Preservation on H.B. No. 2274

The purpose of this bill is to designate the nene, or Hawaiian goose, as the official bird of the State.

The nene has long been considered to be the State bird. As early as May 7, 1957 in House Concurrent Resolution 52 the Hawaiian goose was adopted as the bird emblematic of the territory of Hawaii. It is unique to the State of Hawaii, an endangered species, and is well known to the public. This bill will establish the nene as the State bird by amending Chapter 5, Hawaii Revised Statutes.

Upon consideration of the testimony provided by the Office of Hawaiian Affairs, your Committee has amended this bill by including the proper diacritical marks for the proper meaning of the word nene. The addition of the macrons will assist non-Hawaiian speakers with the proper pronunciation of the word. Without stress marks, the word nene means to stir or to move about in a slowish manner. It is important to encourage every effort that promotes proper usage of the Hawaiian language, especially because the Hawaiian language is recognized as one of the official languages of the State.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of H.B. No. 2274, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2274, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2452 (Joint) Health and Human Services on H.B. No. 3464

The purpose of this bill is to delete the requirement that the State must provide and pay for all initial training leading to certification of adult residential care homes (ARCH) operators.

The mandate that the State pay for initial training of ARCH operators was intended as a special effort to assist approximately 250 former boarding home operators to upgrade their skills in order to qualify as ARCH operators when boarding homes and care homes were combined in Act 272, Session Laws of Hawaii 1986.

Your Committees received supporting testimony from the Director of Health, the State Planning Council on Developmental Disabilities, and the Department of Land Utilization, City and County of Honolulu, and find that all but 16 of the operators will have completed the training course by June 30 of this year, and over 200 former boarding home operators and 300 care home operators have already been qualified.

Your Committees also find that some operators have failed their initial attempts at certification and that more operators will be needed as our population ages. While funds are currently in the Executive Budget for additional classes for ARCH operators to meet current standards, your Committees believe that to ensure the availability of such valuable community servants, it is prudent to maintain state funding, with training provided through the Department of Health, until December 31, 1988. Therefore, your Committees have amended the bill by adding language requiring the Department of Health to provide training at state expense up to December 31, 1988 for all operators currently involved in the Department of Health training program.

Your Committees on Health and Human Services are in accord with the intent and purpose of H.B. No. 3464, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3464, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Senator Herkes.

SCRep. 2453 Consumer Protection and Commerce on H.B. No. 2282

The purpose of this bill is to liberalize the statutory bases for paying commissions on insurance business.

Under present law, an insurer may directly compensate licensed subagents or licensed solicitors only if the subagents or solicitors are appointed by the insurer. The present law works well when an insurer is also the general agent, but that is not the case with respect to foreign insurers.

This bill would allow direct compensation by the insurer of subagents or solicitors appointed by the general agent provided that there is a written agreement between the insurer and general agent authorizing such compensation. The bill would also allow a general agent to compensate subagents and solicitors who have been appointed by another general agent.

Your Committee finds that this bill would minimize errors and be cost effective in terms of payment of premiums.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2282, 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. 2454 Consumer Protection and Commerce on H.B. No. 2276

The purpose of this bill is to equalize the opportunity for subagents to represent any number of general agents or domestic insurers for life insurance.

Under present law, subagents may have any number of property or casualty appointments but only one appointment for life insurance. This bill would allow a subagent to have any number of appointments for life insurance.

The bill would also allow a solicitor representing a general agent to represent that general agent in any subagent capacity to which the general agent is appointed.

Your Committee finds that this bill will allow consumers to have a wider choice of insurers from which to choose the most appropriate and economical product to fit their needs.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2276, 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. 2455 Public Utilities on H.B. No. 416

The purpose of this bill is to require the Public Utilities Commission (PUC) to be a party to all matters from which an order of the PUC is appealed and to file the appropriate responsive briefs or pleadings to defend such orders.

This bill further provides that designation of the PUC as a party shall not limit the participation of persons qualified to be parties on appeal. Procedural rulings by the Supreme Court have ordered the Division of Consumer Advocacy to file "Position Briefs" to defend the PUC's action in cases where the Division's position has actually been more aligned with the position of the appellant. In some cases, the Supreme Court could be without the benefits of a responsive pleading unless the PUC files "amicus curiae" briefs.

Your Committee finds the PUC to be the most logical and best qualified party to defend its decisions when appealed. In considering the position of the PUC in relation to appeal procedures on decisions and orders issued by the Commission, your Committee finds the PUC to be a quasi-judicial body only to the extent that the appeal process is directly to the Supreme Court and has no bearing on the PUC arguing the merits of a decision. Your Committee finds that the process being proposed would be consistent with most federal and state regulatory programs.

Your Committee has amended the bill by substituting the word "defending" for "defining" on page 1, line 15 and by making nonsubstantive technical changes for the purposes of clarity and style.

Your Committee on Public Utilities is in accord with the intent and purpose of H.B. No. 416, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 416, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2456 Legislative Management on H.B. No. 2437

The purpose of this bill is to amend Section 28-3, Hawaii Revised Statutes, to reflect no gender designation for the Attorney General.

The bill also reduces the number of times, from four times a year to once a year, that the Legislative Reference Bureau must furnish the members of the Legislature with a list of the Attorney General's most recent opinions that are filed with the bureau.

Your Committee on Legislative Management is in accord with the intent and purpose of H.B. No. 2437, 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. 2457 (Joint) Agriculture, Energy and Ocean Resources and Planning and Environment on H.B. No. 2067

The purpose of this bill is to protect Hawaii's live stony coral.

This bill prohibits the taking of live stony corals of the Order Madreporaria, including the Fungidae or Pocilloporidae families, except with a permit authorized under Sections 187A-6 and 183-41, Hawaii Revised Statutes (HRS), for scientific, education, or propagation purposes or for conservation district use purposes. This bill also increases the fine from \$25 to \$100 for each specimen involved in a first conviction and for subsequent convictions within five years for each specimen taken illegally.

Your Committees received testimony from the Department of Land and Natural Resources stating that from the perspective of conserving live stony corals, which are important to our nearshore marine reef ecosystems, it appears prudent to prohibit the taking of all living stony coral species. The higher taxonomic Order includes no less than seven families of live stony corals that could attract residents and tourists, particularly those who swim, snorkel, or scuba dive in our waters, and who take coral souvenirs as mementos of their underwater experience. Therefore, your Committees have amended the bill to prohibit the taking of any type of stony coral.

The bill has been further amended to make the heading of the proposed new section more descriptive of the contents of the section.

Your Committees on Agriculture, Energy and Ocean Resources and Planning and Environment are in accord with the intent and purpose of H.B. No. 2067, H.D. 2, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2067, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 2458 Agriculture, Energy and Ocean Resources on H.B. No. 2706

The purpose of this bill is to clarify the membership of the Molokai irrigation system water users advisory board.

As stated in the present law, one of the five members of the advisory board is "the president of the Molokai county farm bureau". This bill corrects the organizational name by deleting the word "county".

Favorable testimonies were received from State Representative Bill Pfeil and from the Chairperson of the Board of Land and Natural Resources. The incorrect reference to the Molokai Farm Bureau has been a source of confusion, that has hindered the implementation of the functions of the newly-created Advisory Board to the Molokai Irrigation System.

Your Committee has amended the bill by making nonsubstantive changes to correct a typographical error and to conform with recommended drafting style.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 2706, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2706, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2459 Agriculture, Energy and Ocean Resources on H.B. No. 2271

The purpose of this bill is to clarify geographic management jurisdictions and prohibitions on the mining and taking of sand, coral, and other marine deposits.

Section 205A-44, Hawaii Revised Statutes, relates to shoreline setbacks and the authority of the planning departments of each of the counties of the State. The jurisdiction of the counties begin at the shoreline and extends landward, however, certain parts of Section 205A-44, HRS, makes reference to areas beyond the shoreline which are properly within the jurisdiction of the state government. Hence, some of the provisions of Section 205A-44, HRS, which should apply to county jurisdiction on fast land, appear inappropriate.

This bill eliminates the confusion over legal geographic jurisdictions regarding the shoreline area by limiting jurisdiction under Section 205A-44, HRS, to the shoreline area, and clarifying that activities seaward of the shoreline area are covered under Chapter 171, HRS; clarifies the prohibitions against the mining and taking of marine materials; addresses the applicability of environmental assessments; and repeals Section 7-3, HRS, which is redundant if the proposed amendments are adopted.

Favorable testimonies were received by your Committee from the Department of Land and Natural Resources, Department of Business and Economic Development, the Environmental Center of the University of Hawaii and the City and County of Honolulu.

Your Committee has amended the bill by:

- (1) Amending page 2, line 4, by deleting the word "accepted" and inserting the word "prepared";
- (2) Amending page 2, line 21, by dividing paragraph (3) into two parts for purposes of clarity;
- (3) Amending page 3, line 13, by inserting the word "day" to clarify that the limit is one gallon per person per day;

- (4) Amending page 4, line 1, by dividing paragraph (3) into two parts for purposes of clarity; and
- (5) Making nonsubstantive changes 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. 2271, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2271, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2460 Agriculture, Energy and Ocean Resources on Gov. Msg. Nos. 101, 148 and 149

Recommending that the Senate advise and consent to the nominations of the following:

Tamotsu Kitagawa to the Governor's Agriculture Coordinating Committee, for a term ending June 30, 1990;

Billy Ray Salser and C. Bruce Smith to the Hawaii Aquaculture Advisory Council, for terms ending June 30, 1992; and

Malcolm R. Saxby to the Advisory Committee on Flowers and Foliage, for a term ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2461 Consumer Protection and Commerce on H.B. No. 3291

The purpose of this bill is to reenact amendments made to the insurance laws in the 1987 Legislative Session to ensure that those amendments are not repealed by virtue of the effective date of Act 347, Session Laws of Hawaii 1987.

Your Committee received testimony in favor of this bill from the Department of Commerce and Consumer Affairs and finds it was the intent of the Legislature that the amended statutory sections which constitute the substance of this bill should survive the repeal of Chapters 294, 431, 431A, 431D, 431F, 431H, 431J, 432, 433, 434, and 435, Hawaii Revised Statutes, which are scheduled to take effect on July 1, 1988.

Your Committee has amended this bill as follows:

- (1) Provided on page 14, in subparagraph (G) that failure to provide the insured with a reasonable explanation of a claim delay within thirty calendar days, if the explanation is by telephone, or ninety calendar days, if by writing, constitutes an unfair practice;
- (2) Deleted Section 9, which would have repealed the amendments in Section 2 of the bill effective June 24, 1989;
- (3) Deleted the requirement that motorcycle or motorcycle insurers must provide a fifteen percent premium reduction for liability insurance if the applicant has passed a motorcycle education course approved by the Department of Transportation; and
- (4) Made 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. 3291, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3291, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2462 Consumer Protection and Commerce on H.B. No. 3529

The purpose of this bill is to amend portions of Chapter 464, Hawaii Revised Statutes (HRS), by deleting obsolete language to further clarify the regulation of professional engineers, architects, surveyors and landscape architects.

This bill reorganizes the section on definitions; replaces the term "supervision" with "observation" when referring to construction, since the term "supervision" implies control and direction, neither of which the professional engineer, architect or landscape architect have over a project; deletes the requirement for the presence of an officer to constitute a quorum to allow the Board greater flexibility in holding board meetings; recodifies the section on qualifications by separating the qualifications for each profession so the information is presented more clearly; and establishes provisions for the filing of a new application after the reinstatement period in order to provide clearer guidelines to those who were formerly registered.

Your Committee received testimony from the Board of registration of professional engineers, architects, surveyors and landscape architects and the Hawaii Society/American Institute of Architects in support of this administration bill. The testimonies stated that this bill will substantially improve the intent and purpose of Chapter 464, HRS.

Your Committee, upon review of the paragraph relating to land surveyors, has amended the bill to also accept land surveyor applicants who have completed an arts and science curriculum of four years or more. This amendment substantially conforms this bill to Senate bill 2792, S.D. 1, and your Committee wishes to note that all of the professionals who are subject to the requirements of Chapter 464 who testified or expressed opinions on S.B. No. 2792 were in favor of this amendment.

Your Committee has further amended the bill by making nonsubstantive technical changes to conform the bill with recommended drafting style.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3529, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3529, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2463 Consumer Protection and Commerce on H.B. No. 3528

The purpose of this bill was to exempt ocularists from the licensing requirements of a dispensing optician.

Generally speaking, an ocularist specializes in designing, fitting, and fabricating artificial eyes.

Current law exempts physicians and optometrists from regulation under Chapter 458, Hawaii Revised Statutes, ("Opticians, dispensing"). This bill would provide the same exemption to ocularists who are recognized by the American Society of Ocularists, providing that the ocularist is under the supervision of a licensed ophthalmologist.

Your Committee received testimony from the Board of Dispensing Opticians and the Hawaii Optometric Association and finds that Chapter 458 is ambiguous regarding ocularists and may require them to be licensed as dispensing opticians in order to practice the manufacturing and fitting of ophthalmic prosthetics. This administration bill would clarify this inconsistency.

Upon further consideration, your Committee has amended the bill as follows:

- (1) Added ophthalmologists to the exemption provided to physicians and optometrists under Chapter 458;
- (2) Clarified that an ocularist may perform only those functions dealing with the designing, fitting, and fabrication of artificial eyes, and not contact lenses or any other lenses of refractive value;
- (3) Provided that an ocularist, to be exempt from Chapter 458, may provide services under the supervision of a licensed optometrist as well as an ophthalmologist; and
- (4) Made technical and language 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. 3528, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3528, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2464 Consumer Protection and Commerce on H.B. No. 3306

The purpose of this bill is to clarify the authority for Hawaii to participate in the Central Registration Depository (CRD) system with respect to the licensing of securities salesmen and to conform the registration and renewal requirements to those employed by the CRD system.

Your Committee received testimony from the Business Registration Division of the Department of Commerce and Consumer Affairs and finds that Hawaii had a backlog of six to nine months in the registration of securities salesmen before coming on-line with the CRD system on February 15, 1988. Now the process takes only a matter of days. The CRD system also strengthens the Department's regulatory and enforcement functions by providing access to extensive information relating to the disciplinary history of broker/dealers and salesmen, both registered and unregistered, as well as communication with securities regulators in the other 49 states.

This bill will not result in any substantive change in the standards for registration.

Your Committee has amended the bill by making nonsubstantive technical changes for the purposes 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. 3306, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3306, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2465 Public Utilities on H.B. No. 2521

The purpose of this bill is to provide for an increase in the possible penalties imposed by the Public Utilities Commission.

Under the present law, Section 269-28(a), Hawaii Revised Statutes (HRS), provides that any public utility violating, neglecting, or failing to conform or comply with Chapter 269, HRS, or any lawful order of the Public Utilities Commission, shall be subject to a civil penalty not to exceed \$1,000 for each violation. Section 269-28(b), HRS, provides that any public utility violating, neglecting, or failing to conform to or comply with safety requirements applicable to the

transmission of gas shall be subject to a civil penalty not to exceed \$1,000 for each day that the violation continues, provided that the maximum penalty for related violations shall not exceed \$200,000.

The current penalty of \$1,000 per violation as provided in subsection (a), and \$1,000 per day as provided in subsection (b), dates from seventy-five years ago. Your Committee believes that increasing the possible penalty to \$25,000 for each day a violation continues is appropriate and in line with current dollar values.

Your Committee on Public Utilities is in accord with the intent and purpose of H.B. No. 2521 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2466 Health on H.B. No. 2268

The purpose of this bill is to require the Department of Health to adopt rules to establish procedures and standards to implement informed consent for testing and disclosure provisions relating to Human Immunodeficiency Virus (HIV).

Your Committee received substantial testimony on this bill and finds that health care providers and others in the community need assistance and guidance in implementing the provisions of the informed consent statute, Section 325-16, Hawaii Revised Statutes. However, your Committee does not believe that administrative rules by and in themselves will be adequate to address all problems which require attention. Therefore, your Committee has deleted the rule making provision provided in this bill as received and inserted amendments to subsections (b)(5) and (6) of Section 325-16 as follows:

- (1) Deleted the substance of (5) and added the following new material: "Patient diagnosis and treatment. Informed consent is not required where the patient is unable to give consent and it is determined by the patient's treating physician that the patient's HIV status is necessary (A) to make a diagnosis or (B) to determine an appropriate course of treatment for the patient. The patient shall be informed in a timely manner that a test for the presence of HIV has been performed pursuant to the provisions of this paragraph and the patient shall be provided the opportunity to obtain the test results and appropriate counseling."; and
- (2) Added a new paragraph (7) which reads as follows: "Protection of health care workers. A treating physician may order an HIV test without the patient's informed consent provided that (A) the physician has determined that it is impracticable to obtain the patient's consent prior to rendering treatment and (B) that knowledge of the patient's HIV status is necessary to enable the physician or other health care workers who may or have come in contact with the patient's bodily fluids to determine if precautions in addition to those normally taken by a reasonably prudent health care provider under similar circumstances are necessary to reduce the possibility of exposure or infection to those health care workers; provided that any testing shall be made with the authorization of the treating physician; and provided further that the availability and quality of health care services shall not be compromised based on the findings and testing pursuant to this paragraph. The cost of any testing performed pursuant to this paragraph shall be borne by the health care provider and may not be claimed against the patient or the patient's health care insurer. The patient shall be informed at the earliest possible opportunity that a test for the presence of HIV has been performed pursuant to the provisions of this paragraph and the patient shall be provided the opportunity to obtain the test results and appropriate counseling."

Your Committee finds that recent suggestions made by the Center for Disease Control indicate that there are additional precautions that health care personnel can take when they are treating a patient who has tested positive for HIV. Such precautions would include double gloving and wearing seamless gowns. The amendments to this bill address the problems that would arise if the health care team knew that the patient was HIV positive and failed to give that patient full treatment or less than the highest quality of treatment. It is the intent of your Committee, by deleting the previously proposed rule making authority, and specifically stating the above amendments in statute, that prior knowledge of a patient's HIV status must not cause that patient to receive compromised or less than the highest quality medical care possible.

Your Committee has also amended the bill by setting forth only subsection (b) of Section 325-16, which is being amended, to conform with recommended drafting technique.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2268, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2268, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2467 Ways and Means on H.B. No. 2638

The purpose of this bill is to provide for the celebration of the ninetieth anniversary of the Okinawan people in Hawaii.

Since their arrival in Hawaii, the rich culture and proud heritage of the Okinawan people have been and continue to be positive influences upon life in Hawaii. Recognition of their contributions and achievements is important to promoting and maintaining cognizance of Hawaii's diverse and multicultural society.

The anniversary celebration will coincide with the dedication of the Okinawan Cultural and Community Center, which is being erected by second and third generations and others of Okinawan ancestry in honor of the first generation immigrants.

Your Committee has amended this bill by establishing, in section 6 of the bill, an ethnic celebration trust fund into which all moneys received by the commission shall be deposited. Your Committee has deleted the provision specifying July 1, 1988, as the effective date of section 8 of the bill.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2638, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2638, S.D. 2.

Signed by all members of the Committee.

SCRep. 2468 Ways and Means on H.B. No. 2028

The purpose of this bill is to appropriate \$475,000 to be expended by the Department of Business and Economic Development for environmental and technical studies related to the final site selection and preparation of an environmental impact statement for the possible establishment of a space launching facility in Hawaii.

Your Committee finds that the establishment of a space launching facility will help to stimulate the economy and that the process of site selection and environmental impact evaluation should begin as soon as possible.

Your Committee further finds that the market demand for the proposed facility is unclear and that private sector interest and support for such a project has to date been erratic. It is important, however, to initiate the environmental impact statement process now in order to avert future delays.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2028, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2469 Ways and Means on H.B. No. 2027

The purpose of this bill is to establish an Office of Space Industry in the Department of Business and Economic Development.

The Director would be appointed by the Governor and would oversee, supervise, and direct planning, evaluation, and coordination of space-related activities in the State. Other activities would include:

- (1) Discussions related to private and international involvement in space activities;
- (2) Review of the effectiveness of current publications relating to Hawaii's impending space industry;
- (3) Serving as a clearinghouse for information on Hawaii's space activities;
- (4) Development of a business plan for a commercial space facility and pursuit of appropriate business partners;
- (5) Identification of existing resources appropriate to development of a space industry;
- (6) Liaison with federal agencies and facilities;
- (7) Facilitation of timely citizen input;
- (8) Coordination with Hawaiian organizations;
- (9) Rule making pursuant to chapter 91, Hawaii Revised Statutes; and
- (10) Execution of contracts relevant to establishment of a space industry in Hawaii.

The bill also makes specific provision for coordination with communities near a space facility in relation to education and job training and employment of community residents, and appropriates \$200,000 to establish the Office of Space Industry.

Your Committee finds that development of a space industry in Hawaii would be beneficial to the economy of the State and would provide new jobs for residents in a clean industry which has little or no negative environmental implications. Your Committee also finds that Hawaii, especially the Big Island, is ideally suited for a space port and a space facility, and seeks to encourage residents, other public agencies at all levels, and the private sector to offer their support and resources towards this end.

Your Committee has amended the bill by making technical, nonsubstantive changes for purposes of style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2027, 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. 2027, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 2470 Ways and Means on H.B. No. 2146

The purpose of this bill is to expand on and clarify Act 315, Session Laws of Hawaii 1986, which enables the department of business and economic development to establish a state program to support and encourage greater opportunities for employee ownership and participation in Hawaii businesses, and to extend the program to June 30, 1993.

In section 226-103(a)(9), Hawaii Revised Statutes, the Hawaii state plan establishes as an economic priority guideline, a policy directing offices of the State to support and encourage, through educational and technical assistance programs and other means, expanded opportunities for employee ownership and participation in businesses within the State. The legislature, through Act 315, enacted an interim program to implement this policy. As originally enacted, the program was to expire June 30, 1988.

Your Committee finds that employee ownership and participation in Hawaii businesses will provide incentives for productivity and serve as a catalyst for economic development. Accordingly, the state government should continue to provide support and encouragement wherever possible.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2146, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2471 Ways and Means on H.B. No. 2390

The purpose of this bill is to broaden the definition of "scientific work" in section 237-26, Hawaii Revised Statutes.

Section 237-26 provides an exemption from the general excise tax for contracts with the United States involving scientific work. Scientific work is defined as certain kinds of activities performed at selected facilities. This bill increases the types of facilities at which work will be exempt, to include agricultural, astronomical, and biomedical facilities.

Your Committee finds that this amendment will provide incentives for contractors and subcontractors in the State to compete for these types of contracts, thereby broadening the scope of sophisticated research and development work which the States seeks to attract.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2390, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2472 Ways and Means on H.B. No. 3441

The purpose of this bill is to amend the terms of the state capital loan program by allowing the waiver of the eligibility requirement that financial assistance is not otherwise available to an applicant and by allowing variable or floating interest rates.

Currently, one of the conditions for obtaining a loan under the capital loan program is that financial assistance is not available to an applicant. The bill authorizes the director of business and economic development to waive that condition for participation loans with a private financial institution. Further, the bill provides that each loan shall bear simple interest at a rate of one per cent below the prime rate (rate charged by the two largest banks in the State) or at a rate of seven and one-half per cent a year, whichever is lower. Your Committee believes that the bill provides an incentive for new business start-ups in the State by allowing greater participation in the capital loan program as well as permitting the program to be more responsive to market conditions.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purpose of style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3441, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3441, S.D. 2.

Signed by all members of the Committee.

SCRep. 2473 Ways and Means on H.B. No. 2071

The purpose of this bill, as received, is to provide funds for the construction or rehabilitation of buildings for specified emergency shelters for evictees and other homeless people, especially single-parent families and others with limited incomes such as the disabled and elderly.

Your Committee has amended the bill by:

- (1) Changing the appropriation from \$5,138,750 to \$1,000,000 for fiscal year 1988-1989;
- (2) Changing the recipient of the appropriation from the housing finance and development corporation to the several counties;
- (3) Deleting specific references to emergency shelters within each county;
- (4) Providing grants-in-aid of \$250,000 to each of the four counties for effectuating the purpose of the bill; and

- (5) Changing the expending agency from the housing finance and development corporation to the department of business and economic development, because the corporation is placed within the department for administrative purposes.

Your Committee believes that the bill, as amended herein, will provide the necessary funding for emergency shelters for the homeless, evictees, and single-parent families and others with limited financial resources. Further, the bill gives the counties greater latitude in the allocation of moneys for the provision of emergency shelters within their respective jurisdictions.

Your Committee has also made technical, nonsubstantive changes within the bill for the purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2071, 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. 2071, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 2474 Ways and Means on H.B. No. 3515

The purpose of this bill is to provide a general excise tax exemption for certain transactions between related entities and for common paymaster operations. This bill provides like treatment for such operations and transactions under the general excise tax and under the income tax.

Your Committee finds that it is the common practice of businesses to centralize cash requirements as well as managerial and administrative services in order to achieve economies of scale, function, or expertise. The general excise tax as it is presently structured imposes the four per cent tax on these centralized services which are reflected on the entities' books as services provided and income received. Under the income tax, no tax is imposed upon such transactions; however, this is not true of the general excise tax. The following discussion explains this area.

In order to properly supervise subsidiaries, and to determine whether or not they are profitable, a parent corporation charges a subsidiary for managerial, administrative, legal, or accounting services provided to the subsidiary. For income tax purposes these charges appear on the corporate books. The subsidiary, in turn, reflects payments for such services to the parent, again this is reflected on the corporation books and on the income tax return. The income tax law allows these transactions not to be taxed. This is not true of the general excise tax, where there is no similar provision for nontaxability. The result is that due to income tax provisions and good accounting principles, the corporation is charged general excise taxes on what are substantially book transactions, when in fact no money may have exchanged hands. The first half of subsection (a) of this bill takes care of this problem and exempts such transactions from the general excise tax.

The exemption includes the compensation of persons rendering services which are exempted and also exempts the overhead costs attributable to such services. Overhead costs should follow generally accepted accounting definitions and should include, but not be limited to, office rent, facilities, equipment costs, phone systems, utilities, fringe benefits, insurance or indemnity, support staff, compliance costs related to licensing or regulatory requirements, contracted services such as legal, accounting, advertising, and support services, and indirect expenses such as travel and entertainment, donations, dues, and subscriptions. Your Committee notes that the exemption should be administered evenhandedly by the Department of Taxation and not abused by those entities which may choose to exercise the exemption.

The second half of the bill recognizes another trap between the two tax laws -- the income and general excise tax laws. In this case there may be two or more related entities who choose one of the entities to do the payroll for all of the entities. This choice is made for good business reasons and allows the best use of the expertise of the various entities. The nonpayroll entities in this situation will transmit to the common paymaster entity amounts to be disbursed. Included in these amounts will be employee wages and salary, payroll taxes, and employee benefits, which the common paymaster then distributes to the employees of all the related entities, the proper governments for taxes, and the proper entity for employee benefits. Under the income tax law, there is no tax placed on the common paymaster on the sums representing wages and salary, payroll taxes, and employee benefits; the general excise tax, however, does tax these amounts. The imposition of tax in this area prevents businesses in Hawaii from undertaking a cost-effective method of doing business.

Your Committee finds that the exemptions provided by this bill will assist the development of business in Hawaii and promote a positive business climate.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3515, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2475 Ways and Means on H.B. No. 2059

The purpose of this bill is to appropriate \$200,000 for a one-year demonstration project utilizing geriatric social workers as resident assistants in elderly housing complexes.

Your Committee finds that the bill addresses the needs of elderly housing residents. There are 2,847 elderly housing units statewide of which eighty per cent are occupied by single residents. These elderly, many of whom are in their eighties and nineties, experience housing problems which the traditional housing manager is ill-equipped to handle. Your Committee finds that these problems are best handled by geriatric social workers who are specialists in understanding and counseling geriatric clients to address problems of living in senior citizen housing complexes.

Your Committee has made technical, nonsubstantive changes 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. 2059, 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. 2059, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 2476 Ways and Means on H.B. No. 3496

The purpose of this bill is to appropriate funds to compensate the victims of certain crimes or the dependents of the deceased victims.

This companion bill to S.B. No. 3169 appropriates \$557,809.91 out of the general revenues of the State of Hawaii to the Criminal Injuries Compensation Fund to compensate victims of certain crimes or the dependents of the deceased victims who received awards in 1987. The funds also are used to indemnify private citizens for personal injuries or personal damages suffered in the prevention of criminal activity or the apprehension of criminals. The awards are for out-of-pocket medical costs, loss of earning power, funeral and burial expenses, and pain and suffering.

Your Committee finds that the bill helps ensure the timely payment of awards to crime victims. Delays of payments in the past to victims have caused severe hardships to those with unpaid medical bills or funeral expenses. Some doctors, hospitals, and most collection agencies do not soften their collection efforts simply because the patient was the victim of crime or was injured preventing crime. The timely appropriation of funds will help victims avoid unnecessary additional trauma.

Your Committee has changed the effective date of this bill to July 1, 1988 to coincide with the beginning of the State's fiscal year.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3496, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3496, S.D. 1.

Signed by all members of the Committee.

SCRep. 2477 Ways and Means on H.B. No. 2054

The purpose of this bill, as received, is to appropriate funds to establish a parenting education demonstration project and a parent information telephone line, to expand an existing child care referral service, and to develop a long-range, statewide plan for child care.

Your Committee finds that children require substantial care and attention during their formative years, care which is not always available from their parents when both parents, due to the high cost of living in Hawaii, must work. Additionally, parenting skills are learned skills, and today, with the decrease in the extended family, many young parents have an inadequate background in parenting and can feel overwhelmed. The parenting education program will help parents and other caregivers cope with the stresses of child rearing, link them with community resources, and help reduce the incidence of child abuse and neglect arising from parental frustration.

Your Committee has amended this bill by eliminating all programs other than the parent education demonstration project, by reducing the appropriation to \$100,000, and by making technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2054, 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. 2054, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 2478 Ways and Means on H.B. No. 2050

The purpose of this bill is to establish a library revolving fund in which money fines for late or lost books are deposited.

Currently, moneys collected as fines for overdue books and payments for lost or otherwise unreturned books are deposited into the state general fund. This bill adds a new section to chapter 312, Hawaii Revised Statutes, to establish a library revolving fund in the state treasury into which the fines and other payments will be deposited.

Your Committee finds that revenues from fines should be used directly by public libraries for new or replacement library materials.

Your Committee has amended the bill to require the state librarian to report annually to the legislature and to the governor on the status of the library revolving fund. Your Committee also amended the effective date of the bill to July 1, 1988, to conform to the State's fiscal year.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2050, 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. 2050, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 2479 Ways and Means on H.B. No. 2053

The purpose of this bill is to provide study abroad for students to learn foreign languages and cultures to better prepare Hawaii for economic competition. The program has two components: (1) summer study grants for public high school students and (2) year-long college study grants for public high school graduates.

The Superintendent of Education is required to develop certain selection procedures for each component.

In the "Summer Scholars Abroad" program, one student from every public high school in Hawaii will be selected to study in a foreign country for one summer, with a grant of not more than \$5,000.

In the "Hawaii International Scholars" program, each public high school shall nominate one graduating senior per year. From this group, seven scholars per year representing one scholar per departmental school district will be selected by a board consisting of five members which is created each year by the Superintendent of Education. Members of the selection board will be drawn from the University of Hawaii and the East West Center. A grant of not more than \$10,000 per scholar will be available for one year of college level studies in a foreign country if used within seven years of graduation from high school.

Students who become eligible to participate in these programs will receive financial grants to live in a foreign country to gain an international perspective. The benefits to the State will be an opportunity to help broaden the vision of its young people who will some day play a vital role in making Hawaii an international center for business and government.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2053, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2480 Ways and Means on H.B. No. 839

The purpose of this bill is to comply with Article VII, Section 6, of the Constitution of the State of Hawaii which requires that, 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, the legislature shall provide for a tax refund or a tax credit to the taxpayers of the State in the next regular session.

Your Committee has approved a tax credit in the amount of \$1.00 to qualified resident taxpayers of the State. The amount of the credit shall reduce the tax liability of the taxpayers for the 1988 taxable year. If the tax credit exceeds the amount of tax due, or if there is no tax due, the excess amount of the credit shall be paid to the qualified taxpayer. The amount of the credit shall be multiplied by the number of qualified exemptions for the taxable year.

Your Committee heard testimony on the companion measure to the bill, S.B. No. 2365, S.D. 1, on February 12, 1988.

Your Committee has amended the findings and purpose section of this bill to reflect the fact the factors giving rise to the constitutionally required tax credit or refund have been met for the seventh (rather than the sixth) consecutive year.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 839, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 839, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2481 (Majority) Ways and Means on H.B. No. 2038

The purpose of this bill is to establish an emergency and budget stabilization fund to maintain levels of programs determined to be essential to the public health, safety, and welfare and to meet other critical financial situations. The bill authorizes the transfer of \$50,000,000 from the general fund to the emergency and budget stabilization fund for fiscal year 1988-1989.

It is recognized that uncertainties of the future make it difficult to accurately project revenues upon which appropriations are made; and that fluctuations in economic conditions may cause financing problems. The emergency and budget stabilization fund will aid the State in meeting these uncertainties and fluctuations.

Your Committee is of the opinion that the emergency and budget stabilization fund will benefit the State by ensuring necessary programs are kept intact; and unforeseen emergencies of the State will not overburden the general fund balance.

Your Committee has amended this bill by:

- (1) Clarifying that the emergency and budget stabilization fund is a special fund;

- (2) Adding language to exempt the emergency and budget stabilization fund from the transfers for central services expenses required under section 36-27, Hawaii Revised Statutes;
- (3) Reducing the amount to be transferred from the general fund for fiscal year 1988-1989 to \$1;
- (4) Correcting subsection (d) of the second section in the new part created by the bill to clarify that it is the total general fund appropriations that shall not exceed the general fund expenditure ceiling; and
- (5) Making technical, nonsubstantive amendments for purposes of clarity and style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2038, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2038, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.
Senator Herkes did not concur.

SCRep. 2482 Ways and Means on H.B. No. 842

The purpose of this bill, as received, is to provide differential premium tax rates for insurers on the basis of whether or not they are certified as having a service office within the State. The bill sets forth the certification procedures for qualifying for the certification, and also establishes tax credits for examination fees, real property taxes, and excise taxes applicable to all insurers.

At present, the current rate for domestic insurers is lower than that for foreign insurers. Your Committee finds that this bill would eliminate distinctions based on domicile and instead focus on the establishment of a service office in the State. Those insurers with the service office will pay the lower rate, on the ground that the establishment of a service office provides more advantages to state residents as service offices are more easily regulated. If the service office rate arrangement is attacked in any court of the State, the bill provides that all insurers will pay the higher rate. The bill also provides for selected tax credits applicable to all insurers.

Your Committee has amended the bill by deleting the specified tax rates to be paid and leaving them blank.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 842, H.D. 2, S.D. 3, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 842, H.D. 2, S.D. 4.

Signed by all members of the Committee.

SCRep. 2483 Ways and Means on H.B. No. 3523

The purpose of this bill is to permit the retention of state income tax refunds of individuals owing delinquent federal income taxes to the United States Treasurer.

Under present law, the retention of state income tax refunds is permitted for those persons owing a debt to the State, who are delinquent in the payment of child support, or who have defaulted on an education loan note held by the United Student Aid Funds, Inc. The State, through the department of accounting and general services and at the request of a claimant agency, sets off any valid debt due and owing against the debtor's income tax refund. The department of accounting and general services is required to notify the debtor of the setoff and to advise the debtor of the right to a hearing with the claimant agency to contest the setoff. This bill would allow the department of taxation to act as a claimant agency on behalf and at the request of the Internal Revenue Service for purposes of retaining the state income tax refunds of persons owing delinquent federal income taxes.

Your Committee heard testimony previously on S.B. No. 2836, the companion bill to H.B. No. 3523. At that time, the department of taxation testified that S.B. No. 2836 would improve cooperative efforts between the state and federal tax agencies and, in the future, could develop into a reciprocal refund offset program which would enable the State to collect delinquent income taxes through an offset of federal income tax refunds. Such an offset would result in additional revenue for the State.

Your Committee has deleted language mistakenly repeated at page 2, line 3-5, of the bill to reflect the correct wording of the existing law, and has made a technical nonsubstantive change.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3523, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3523, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2484 Ways and Means on H.B. No. 3533

The purpose of this bill is to increase from \$25,000 to \$100,000 the limitation on the total amount of petty cash funds that a state agency may be issued by the comptroller.

This bill is a companion to S.B. No. 2755. Your Committee heard testimony on the companion bill. The department of accounting and general services testified that raising the limit on petty cash funds will decrease the number of requests

for petty cash issuance. Presently, some departments request authorization for such issuance every other day, affecting their timely payments to vendors. Currently, all payments of less than \$100 are required to be made from petty cash. Raising the limit on the amount of petty cash funds that may be issued by the comptroller does not increase the amount of moneys available to a department as such moneys remain subject to amounts specified in appropriations.

Your Committee has amended this bill by making technical, nonsubstantive changes.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3533, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3533, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2485 Ways and Means on H.B. No. 3514

The purpose of this bill is to facilitate the tax rate adjustment process for liquor tax rates by (1) giving the department of taxation an additional ninety days to determine any rate changes, (2) allowing adjustment to be based on not less than ninety per cent of the liquor tax returns instead of one hundred per cent, and (3) clarifying the applicable period and the status of the tax.

Your Committee heard testimony on this bill's companion, S.B. No. 2827, from the department of taxation and the Tax Foundation of Hawaii.

Your Committee has amended the bill by adding the phrase "by liquor category" to the sections concerning the liquor reporting requirements, to clarify the intention that any adjustment of rates be based on at least ninety per cent of the estimated gallonage by liquor category, not by total gallonage unsegregated into its component categories. This change was recommended by the department of taxation. Your Committee finds that this change will reduce any possible inequities caused by the omission of the returns from a late-filing dealer who had a disproportionately high amount of sales in a particular category.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3514, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3514, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2486 Ways and Means on H.B. No. 3521

The purpose of this bill is to increase the penalty for the failure to pay a tax, where any underpayment is due to negligence or intentional disregard of rules, from ten per cent to twenty-five per cent of the underpayment as determined by the director, to reduce the time period for paying a tax after filing a return from ninety days to sixty days after the filing, and to increase the penalty for nonpayment within this period from ten per cent to twenty per cent.

Your Committee heard testimony on the companion to this bill, S.B. No. 2834. Your Committee finds that certain groups of taxpayers file their tax returns on a timely basis, but consistently fail to pay taxes in full until after a period of ninety days has passed. In many cases, these taxpayers continue to delay payment until the department undertakes extreme measures such as imposing liens and attaching assets. These actions are costly; and the cost ultimately falls on all taxpayers, shifting the tax burden on those taxpayers who comply with the law and pay their taxes on a timely basis. The department indicated that this bill will give it an effective tool to enforce the State's tax laws and will encourage taxpayers to pay their taxes within the prescribed time.

Your Committee has amended this bill by making technical, nonsubstantive amendments for purposes of style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3521, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3521, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2487 Ways and Means on H.B. No. 3501

The purpose of this bill is to revise the general law applicable to the issuance of state general obligation and revenue bonds as well as to promote efficiency and provide additional flexibility in the issuance and sale of the State's bonds.

Your Committee has previously heard favorable testimony from the director of finance on this bill's companion measure, S.B. No. 3174, and finds that H.B. No. 3501, as received, is identical to the referenced senate companion measure. In addition to replacing certain parts of chapter 39, Hawaii Revised Statutes, with provisions relating to general obligation and revenue bonds, and lost, stolen, destroyed, or defaced bonds and coupons, the bill provides certain measures which will enable the State to explore an innovative financing technique and to provide the State maximum flexibility and efficiency in the issuance and sale of its bonds.

Notable changes to existing laws contained in the bill include: (1) elimination of the statutory interest rate ceiling on general obligation bonds; (2) provision for variable or floating rate bonds; and (3) reduction of the time period for the notice of sale (date and time of sale) of state bonds from not less than five days to not less than twenty-four hours prior to the time fixed for the sale.

Currently, the statutory interest rate ceiling on general obligation bonds is at nine and one-half per cent. According to the director of finance, the normal yield curve on interest rates is structured on an ascending scale, i.e., low rates on early maturities and progressively higher rates on later maturities. Bids on general obligation bonds usually reflect the yield curve, which results in the bidder specifying higher than normal rates for earlier maturities due to the statutory interest rate ceiling. Ultimately, the State pays a higher interest cost on its borrowed funds. Your Committee believes that removing the statutory interest rate ceiling and allowing the bidder to bid the market rate on the later or longer maturities, the State would be able to reduce the overall cost of its borrowing and refund the longer term, high interest bonds at a later date when there is a more favorable interest rate market.

The bill also amends existing law by providing for the issuance of variable or floating rate bonds which is a recent innovation in government finance. Basically, variable or floating rate bonds are issued with an interest rate which changes periodically to reflect the then current market rate for a given period. A major advantage of the variable or floating interest rate is that the cost to the borrower is generally more favorable than long-term fixed rate financing. According to the director of finance, the State has "successfully issued variable or floating rate bonds for its special purpose revenue bond projects and multi-family housing programs." Your Committee finds that, to the extent interest costs may be reduced, variable or floating rate bonds should be used for general obligation and revenue bond issues.

With regard to the provision reducing the time period for notice of sale (date and time of sale) of general obligation and revenue bonds, your Committee believes that the State should be able to access the bond markets at the most favorable times and on short notice in order to obtain the lowest interest rates available on its borrowings. The director of finance testified that there have been "significant changes in the tax-exempt bond markets" due to "turbulent markets" caused by internal and external factors such as federal budget and trade deficits and fluctuations in the value of the United States dollar to foreign currencies. The director of finance also testified that the proposed twenty-four-hour notice of sale requirement "would not adversely affect the reception of the bonds in the marketplace" since there are mechanisms in place to alert the bidder well in advance of the notice of sale such as the mailing of the prospectus with a detailed notice of sale, and private syndicate services, such as The Bond Buyer, Munifacts wire, and the Dalcomp wire.

Your Committee has amended the bill by making technical, nonsubstantive changes throughout the bill for the purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3501, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3501, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2488 Planning and Environment on H.B. No. 3457

The purpose of this bill is to improve the laws relating to the authority of the Department of Health (DOH) in regulating the transport, recycling and disposal of used oil.

This bill would also make housekeeping amendments and clarify ambiguous language in the used oil provision within Chapter 342, Hawaii Revised Statutes (HRS), by clearly identifying those who are regulated and by determining the general requirements that are being imposed to monitor and assure the safe disposal of used oil generated in Hawaii.

Your Committee has amended this bill to reflect the recommendations of the Director of Health by making changes to:

- (1) Proposed Section 342- , HRS, entitled Permit required, to designate when a permit must be obtained and to provide the director with the necessary flexibility in rulemaking to determine who must notify the department of their activities and who must keep records;
- (2) Section 342-83, HRS, by replacing the word "declared" with "burned;" and
- (3) Section 342-85, HRS, to specifically identify who shall keep records.

These amendments would limit the permitting requirements of this part to those who handle used motor oil and not include those who handle specification fuel derived from used motor oil. With these changes, specification fuel would be treated in much the same way as other petroleum fuels for which they are being substituted. The only exception would be for those firms that generate and burn their own used oil as specification fuel. Those firms would be required to register this activity with the DOH.

Your Committee finds that these changes would better encourage the conservation and recycling of used oil for specification fuel purposes, while providing regulatory controls that discourage its indiscriminate handling and disposal. In addition, these amendments would make the bill consistent with national standards established by the U.S. Environmental Protection Agency (EPA) on the regulation of specification fuel.

Your Committee has further amended this bill by reorganizing certain sections and making technical changes, which have no substantive effect for the purposes of clarity and conformance with proper drafting style.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 3457, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3457, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2489 Planning and Environment on H.B. No. 3454

The purpose of this bill is to enable the State to receive authorization from the U.S. Environmental Protection Agency (EPA) to adopt, administer, and enforce a preventative and regulatory hazardous waste management program pursuant to the Federal Resource Conservation and Recovery Act of 1976, as amended (RCRA).

The State of Hawaii presently administers its hazardous waste program under the direction and guidance of the EPA pursuant to a cooperative agreement established under section 3011 of the RCRA. Your Committee finds that being located 2,500 miles away from the primary regulatory agency in San Francisco can create difficulty in communication and preclude important issues from being resolved expeditiously.

Your Committee believes that the regulation of hazardous waste should be under the control of the State rather than the federal government to ensure the program is responsive to local needs. But in order for the State to have jurisdiction over its program, it must receive approval from the EPA by developing statutory, regulatory, and program performance capabilities that are as stringent as the EPA program. States that are authorized to operate the RCRA hazardous waste programs would oversee the hazardous waste tracking system in their state, operate the permitting system for hazardous waste facilities in their state, and act as the enforcement authority in cases where a violation of state law has occurred.

This bill would provide the Department of Health with the basic statutory framework to develop State program rules and capabilities as specified under the RCRA.

In addition, this bill establishes a state policy that gives priority to programs that provide:

- (1) Technical assistance to generators for the proper handling of hazardous materials;
- (2) Public education to promote recognition and disposal of hazardous waste;
- (3) Preferred methods for handling of hazardous materials; and
- (4) Coordination of the various counties' hazardous waste disposal efforts.

Your Committee heard testimony by the Director of Health in support of this bill, indicating that the department is currently in the process of developing program rules for review and has submitted a pre-application review package to the EPA containing proposed State legislation, existing State environmental statutes, and other State statutes and rules relating to the environment. A draft application for authorization is scheduled to be submitted to the EPA in August 1988, with the final authorization package submitted in April 1989.

Your Committee has amended this bill to reflect the recommendation of Chevron, U.S.A. by including waste treatment as a preferred method of managing hazardous waste. Your Committee has further amended this bill by correcting a typographical error in the reference to the RCRA on the first page and by making technical changes which have no substantive effect to conform with proper drafting style.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 3454, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3454, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2490 Planning and Environment on H.B. No. 3208

The purpose of this bill is to control littering by regulating distributors of handbills, leaflets, or other materials.

Specifically, this bill requires distributors of any handbill, leaflet, or other item to carry or have in their immediate control a container into which the items being distributed can be discarded. It also requires distributors to retrieve at least every twenty minutes any of the distributed items which have been discarded within twenty-five yards on the same side of the street as the distributor. It provides for a fine of \$1,000 for each violation, and provides that each item which has not been retrieved and discarded shall constitute a separate offense.

Your Committee received testimony indicating that an increasing amount of litter on public streets or sidewalks is created by the distribution of handbills or leaflets. Your Committee finds that there is an urgent need to control the litter problem for the benefit of the preservation and improvement of Waikiki, and that the distributor of handbills or leaflets should be made responsible for the excessive amount of litter created by the handouts. However, the bill, as drafted, would cause a burdensome restriction on distributors. Your Committee has therefore amended the bill as follows:

- (1) Deleted the words, "or other materials" and "or other items" on page 1, lines 4-6 of the bill, to narrow the scope of the bill to cover only distributors of handbills and leaflets;
- (2) Deleted the requirement that the distributor retrieve at least every twenty minutes any of the items which have been discarded on the public street or sidewalk within twenty-five yards on the same side of the street as the distributor;
- (3) Reduced the fine for violations from \$1,000 to \$500 for each violation; and

- (4) Deleted the provision that each item which has not been retrieved would constitute a separate offense as the bill as amended does not require retrieval.

Your Committee on Planning and Environment is in accord with the intent and purpose of H.B. No. 3208, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3208, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2491 Consumer Protection and Commerce on H.B. No. 3611

The purpose of this bill is to correct a technical error in section 403-94, Hawaii Revised Statutes, which imposes restrictions on the loans which a bank may make to its officers, directors, agents, or employees.

This bill makes a technical correction to Act 104, Session Laws of Hawaii 1987, where a clerical error omitted the phrase "...of its officers, directors, agents, or employees, or to any...." This bill restores the missing phrase intended to restrict loans made to officers, directors, agents, or employees of the bank without the approval of the bank's board of directors.

Your Committee has amended the bill by inserting a comma after the word "discount" on page 1, line 13, to reflect the current text.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3611, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3611, 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 and Nakasato.

SCRep. 2492 Consumer Protection and Commerce on H.B. No. 2785

The purpose of this bill is to make changes to Chapter 415 and 415B, Hawaii Revised Statutes, to clarify and simplify Hawaii's corporate laws.

Specific changes to Chapter 415 are as follows:

- (1) Section 415-29: increases the number of days of notice for shareholder meetings from fifty to seventy;
- (2) Section 415-30: increases the number of days for closing record books from fifty to seventy to be consistent with Section 415-29;
- (3) Section 415-61: clarifies references to actions by a board of directors when no shareholder vote has been taken;
- (4) Section 415-75: clarifies that a corporation which owns ninety percent of a subsidiary corporation and adopts a plan to merge into the parent need not mail a copy of the merger plan to the parent;
- (5) Section 415-75.5: clarifies references to parent, surviving, and nonsurviving corporations where the parent owns ninety percent or more of the stock of two or more subsidiaries and adopts a plan merging two or more subsidiary corporations;
- (6) Section 415-82: provides authorization for the initial board of directors as well as incorporators to dissolve a corporation, and provides for dissolution where the corporation has not commenced business or has not issued shares;
- (7) Section 415-83: provides for attorneys to execute consent for dissolution on behalf of the shareholders;
- (8) Section 415-118: repeals the requirement for procuring an amended certificate of authority for foreign corporations;
- (9) Section 415-131: removes the exemption for foreign insurance companies and foreign nonprofit corporations to obtain an annual license to do business in the State.

Chapter 415B is amended by amending Section 415B-68 to require all officers of nonprofit corporations to be individuals.

Upon the recommendation of the Department of Commerce and Consumer Affairs, your Committee has amended this bill by making the following additional changes to Chapter 415:

- (1) Section 415-19: allows contracts for future services or promissory notes to be used as consideration for shares, and provides that the corporation may restrict the transfer of the shares by placing them in escrow. In addition, the corporation may credit distributions with respect to the shares against their purchase price, and shares which are in escrow or restricted and the credited distributions may be cancelled in whole or in part;
- (2) Section 415-73: gives the board of directors in its discretion the authority to abandon a merger or consolidation without shareholder approval;

- (3) Section 415-95: allows any party of interest, including the director, to initiate involuntary dissolution proceedings; and
- (4) Section 415-162: provides that procedures to implement provisions of the articles of incorporation or bylaws adopted prior to July 1, 1987 shall, unless set forth in the articles or bylaws, follow as closely as practical the procedures prescribed by Chapter 415.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2785, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2785, H.D. 2, 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 and Nakasato.

SCRep. 2493 Consumer Protection and Commerce on H.B. No. 3159

The purpose of this bill is to define the term "all or substantially all the property and assets of the corporation" within the law on corporations.

Section 415-79, Hawaii Revised Statutes, requires shareholder approval for a sale, lease, exchange, or other disposition of all or substantially all of the property and assets of a Hawaii corporation which is not in the regular course of business. The term "all or substantially all the property and assets of the corporation" is not defined.

Your Committee received testimony and finds that the proposed definition sets forth the intent of the drafters of the Model Business Corporation Act (MBCA). The proposed definition states that a sale, lease, exchange, or other disposition of property and assets of the corporation shall not be deemed a disposition of all or substantially all of the property and assets of the corporation if the corporation is retaining sufficient property and assets to continue one or more significant business segments or lines of the corporation after the sale, lease, exchange, or other disposition. Further, the business segments or lines retained must not be only temporary operations or merely a pretext to avoid shareholders' rights which might otherwise arise.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3159, 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 Fernandes Salling and Matsuura.

SCRep. 2494 Consumer Protection and Commerce on H.B. No. 2353

The purpose of this bill is to provide an alternative to filing financing statements with the Bureau of Conveyances by allowing industrial loan companies to charge a borrower for insurance premiums as provided in Section 226.4(e)(2) of Regulation Z of the Board of Governors of the Federal Reserve System.

Presently, for consumer personal property loans, most financial institutions file a financing statement (UCC-1) form with the Bureau to perfect its chattel lien on personal property. The cost is \$2. When a financing statement is released a UCC-2 is filed, again at a cost of \$2. This bill would allow the sale of non-filing insurance at the cost of \$4.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and the Hawaii Financial Services Association and finds that non-filing insurance is really a sinking fund which is held by the insurance company until a claim is filed. If the member company suffers a loss because a customer files bankruptcy or for other reasons, the member company may file a claim with the insurance company up to the amount that had accumulated in the non-filing insurance fund. The \$4 collected from many customers would partially pay for the loss of a few loans.

Your Committee finds that non-filing insurance will help reduce losses on small consumer loans secured by personal property without costing the customer more than the current charge for recording a financial statement or for non-filing insurance.

Your Committee has amended this bill by clarifying that the insurance premium shall not exceed \$4.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2353, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2353, 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 and Nakasato.

SCRep. 2495 Consumer Protection and Commerce on H.B. No. 2878

The purpose of this bill is to allow charitable organizations to have an insurable interest in the life of a donor.

Under the present insurance laws, a charitable organization does not have an insurable interest in a donor's life. This bill will permit a charitable organization to purchase and pay premiums on a life insurance policy on the life of a donor. On the death of the donor, the charitable organization would be the beneficiary of the policy.

Your Committee finds that this bill will benefit charitable organizations without jeopardizing or infringing on the rights of other heirs or beneficiaries to receive compensation payable from other legally executed life insurance policies.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2878 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 Fernandes Salling, B. Kobayashi and Nakasato.

SCRep. 2496 Tourism and Recreation on H.B. No. 2162

The purpose of this bill, as received, is to prohibit the storage, parking, mooring, displaying, or placing of anything on or at Waikiki Beach for the purpose of engaging in any commercial activity, and to allow canoes and catamarans to be placed below the mean high water mark.

Your Committee has amended the bill substantively. The bill, as amended, allows operators of canoes or catamarans to transport passengers to and from the shore or shore waters of Waikiki Beach to offshore destination points. The bill also requires that the operator of the canoe or catamaran be licensed and the canoe or catamaran be registered with the department of transportation.

Your Committee finds that allowing operators of canoes and catamarans to transport persons from Waikiki Beach to offshore destinations is consistent with other permitted modes of passenger transportation provided by operators providing a similar service within the same area. Your Committee further finds that the transportation of passengers to offshore destinations by canoes and catamarans enhances the allure of tourism in Hawaii, since the use of canoes and catamarans for transportation purposes by native Hawaiians is well recognized as a part of the culture and heritage of Hawaii's people.

Your Committee on Tourism and Recreation is in accord with the intent and purpose of H.B. No. 2162, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2162, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2497 (Majority) Transportation on H.B. No. 2501

The purpose of this bill is to amend Section 342-22, Hawaii Revised Statutes (HRS), to regulate the installation and use of smoke emission exhaust systems in diesel buses.

Section 342-22, HRS, allows the Director of Health to require the installation, use, and proper maintenance of air pollution control equipment for motor vehicles to prevent, control, and abate air pollution in the State. This bill requires the Director of Health to also adopt rules to require all diesel buses larger than twenty-five feet in length and weighing more than twenty thousand pounds gross weight to install and use exhaust systems which route the smoke emissions to levels above the roof of such buses to lessen the amount of exhaust fumes passengers and other motorists are exposed to.

Your Committee has amended the bill by clarifying that the diesel bus have a curb weight of more than twenty thousand pounds gross weight. This is a standard term used to describe the weight of a bus without passengers.

Your Committee has further amended the bill to provide that bus owners have until July 1, 1990 to convert the diesel buses to meet the standards set by the Department of Health.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 2501, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2501, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Yamasaki and Reed.
Senator George did not concur.

SCRep. 2498 Transportation on H.B. No. 3534

The purpose of this bill is to provide the Director of Transportation the authority to commission County employees to assist with the enforcement of State laws and rules in waters fronting County beaches.

Under Section 266-24, Hawaii Revised Statutes, the Director of Transportation is authorized to confer the powers of police officers on any officer, employee, or representative of the Department of Transportation to assist with the enforcement of State laws and rules relating to water safety.

Your Committee had a hearing on the companion bill, S.B. No. 2838, at which time the Department of Transportation testified that it does not have enough marine patrol officers to effectively enforce water safety laws and rules, including the thrill craft law. This bill will significantly increase the enforcement of water safety laws and rules by allowing the power of police officers to be conferred on County employees.

Your Committee concurs with the intent of this bill, but finds that there is also a need to review the enforcement laws relating to commercial water activities. The number of accidents involving commercial water activities and recreational activities which have occurred in recent years and the confusion as to which State department is responsible to regulate commercial water activities indicates a need for some action in this area.

Your Committee finds that enforcement of commercial water activities would ensure a safer atmosphere for both commercial and recreational use. Your Committee has therefore amended the bill by amending Section 266-3(c) to clarify the Department of Transportation's jurisdiction to regulate offshore commercial activities.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 3534, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3534, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Yamasaki and Reed.

SCRep. 2499 Transportation on H.B. No. 2090

The purpose of this bill is to encourage compliance with Hawaii's mandatory seat belt laws by increasing the fines for noncompliance imposed under Section 291-11.6, Hawaii Revised Statutes.

Your Committee recognizes that the use of seat belts reduces the possibility of injuries and deaths in traffic accidents and encourages all motorists to use them. This bill seeks to increase fines for violations of the mandatory seat belt law from \$15 to \$30 for a first offense and \$60 for subsequent violations.

Your Committee agrees with the intent of this bill, but has learned that increasing the fine by over \$25 could jeopardize the implementation of the federal requirement for the installation of air bags in new automobiles scheduled to go into effect in 1990. Your Committee believes that the air bag requirement is also necessary to promote traffic safety nationwide. Therefore, your Committee has amended the bill to reflect the aforementioned concern and has increased the fine from \$15 to \$20.

Your Committee has further amended the bill by deleting the provision which would make Section 1 apply to any person convicted after its effective date, regardless of when the offense occurred, and by adding a saving provision.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 2090, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2090, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Yamasaki and Reed.

SCRep. 2500 Transportation on H.B. No. 2231

The purpose of this bill is to provide the Counties the authority to regulate by ordinance the parking on sidewalks of County highways.

This bill allows the Counties, with respect to highways under their respective jurisdictions, to prohibit or restrict the stopping, standing, or parking of vehicles on sidewalks, and maintains the jurisdiction of parking on sidewalks of State highways with the Department of Transportation.

Your Committee had a hearing on a similar bill, S.B. No. 2644, at which time your Committee received testimony and signed petitions from concerned citizens stating that in certain areas of the State, residents have parked their motor vehicles on and off curbs and on the unimproved sidewalk areas to avoid congesting the main roadways. In some areas, however, "no parking" signs were installed due to complaints. These citizens believe that some allowances should be made in certain areas to alleviate the scarcity of parking spaces.

Your Committee concurs with the concerned citizens that allowances should be made in certain areas and has therefore amended the bill to:

- (1) Give the Counties the authority to permit the parking of motor vehicles on sidewalks in certain geographical areas or on certain highways; and
- (2) Allow the Counties to set conditions and time periods under which motor vehicles would be allowed to park on the sidewalks.

Your Committee believes that these amendments address the citizen concerns.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 2231, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2231, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2501 Health on H.B. No. 3456

The purpose of this bill is to authorize the Department of Health to adopt rules to ensure that all pregnant women in Hawaii are offered appropriate information, quality testing, diagnostic services, and follow-up services concerning neural tube defects and other disorders amenable to prenatal diagnosis.

Your Committee received supporting testimony from the Director of Health, Hawaii Nurses' Association, Hawaii Public Health Association, Hawaii Healthy Mothers, Healthy Babies, and others, and finds that it is appropriate for the Department to assume a leadership position in developing a state-coordinated program for prenatal health care.

Your Committee has amended the bill as follows:

- (1) Clarified that the purpose of prenatal screening and diagnosis is to obtain vital information for the pregnant woman and her family as well as for her health care providers, and that such services are appropriate to assist the woman and her family achieve optimal health outcomes;
- (2) Provided that prenatal screening and diagnosis may be furnished to any pregnant woman who so chooses;
- (3) Provided that the Department may collect appropriate statistical data for the purposes of research and evaluation; and
- (4) Made nonsubstantive technical and language changes for the purposes of clarity and style.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 3456, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3456, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2502 Health on H.B. No. 2385

The purpose of this bill is to establish a Teenage Health Program in the Department of Health.

The bill would require the Department of Health and the Department of Education to establish the program for the benefit of Hawaii's teenagers in order to enhance their self-esteem, facilitate communication between students and their parents, incorporate ho'o'pono'pono techniques in group discussions, expand peer counseling efforts, and provide more counseling opportunities. In implementing the program, the Department of Health would strive to respect and include diverse needs and values of parents and teens served by the program.

Your Committee heard substantial testimony in support of this bill and finds that the objectives of the Teenage Health Program are commendable and should be implemented if possible. However, your Committee also recognizes the funding constraints under which the Department of Health and the Department of Education must operate in the coming fiscal year, and hesitates to mandate any new duties which would entail expenditure of state funds not already in place. Therefore, your Committee has amended this bill by changing the word "shall" on page 1, line 7, to "may," thereby giving the Department of Health authorization to implement the Teenage Health Program when sufficient funds are available for such purpose.

Your Committee has also amended this bill by making several nonsubstantive technical changes to conform the bill with recommended drafting style.

It is the intent of your Committee to include everyone who can be helpful to the teenager in the process of providing counseling, discussion, and assistance to the teenager. Within this context, parental involvement with education and health personnel is a basic and desirable element. The object of this bill is to provide appropriate quality assistance to the teenager which is suitable to each individual situation.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2385, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2385, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2503 Health on H.B. No. 3151

The purpose of this bill is to require that nationally accepted standards of quality assurance be followed at all Human Immunodeficiency Virus (HIV) antibody testing facilities in Hawaii.

Under Section 321-11, Hawaii Revised Statutes, the Department of Health is authorized to regulate testing laboratories to protect the public health and safety. This bill requires that all laboratories testing for the antibody to HIV submit to the state laboratory a sample of any sera yielding a reactive Enzyme-linked Immunosorbant Assay (ELISA) for supplemental testing.

Your Committee received testimony indicating that there is a need for standardized HIV testing in Hawaii to assure high quality testing and to minimize "false-positive" test results. Testimony indicated that a new federal government analysis has found that laboratories testing blood for evidence of AIDS have such a high error rate that in some low-risk groups, nine out of ten positive findings would probably be wrong. In light of the severe emotional repercussions of a positive HIV antibody test result and the potential for social ostracism and discrimination, it is essential to ensure that test laboratories reporting "positive" test results are in fact reporting "true-positives" and not "false-positives".

Your Committee, recognizing the rapid changes in medical technology relating to AIDS, has amended the bill to enable the Department of Health to respond quickly to technological changes. The amendments are as follows:

- (1) By deleting the mandate that laboratories follow the protocols established by ASTPHLD;
- (2) By deleting the requirement that the department test every sample from every laboratory;
- (3) By permitting the department to establish administrative rules for regulating quality assurance;

- (4) By adding a penalty provision.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 3151, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3151, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2504 Housing, Hawaiian Programs and Natural Resources on H.B. No. 3158

The purpose of this bill is to change the composition of the State Board on Geographic Names (Board) and to transfer the Board from the Department of Land and Natural Resources to the Office of State Planning.

This bill adds the Chairperson of the Office of Hawaiian Affairs to the Board and substitutes the Director of the Office of State Planning for the Director of Business and Economic Development as a Board member. Your Committee finds that it is appropriate to include the Chairperson of the Office of Hawaiian Affairs as a Board member as the addition will provide the Board with expertise on the accurate usage of the Hawaiian language and in particular, the usage of Hawaiian place names. Your Committee further finds that the functions of the Office of State Planning makes it the appropriate agency in which to place the Board.

Your Committee made technical nonsubstantive amendments to conform the bill to recommended drafting format.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 3158, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3158, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Young.

SCRep. 2505 (Joint) Housing, Hawaiian Programs and Natural Resources and Government Operations on H.B. No. 2078

The purpose of this bill is to require each county to adopt reasonable standards to allow the construction of two single-family dwelling units on any lot where a residential dwelling is permitted.

Currently, Section 46-4, Hawaii Revised Statutes, allows the construction of two single-family dwelling units, if:

- (1) All applicable county requirements are met; and
- (2) The county determines that public facilities are adequate to service the additional dwelling units.

This bill adds a third requirement that construction of the second dwelling is in accordance with applicable zoning ordinances and rules, and general plan and development plan policies. The bill further provides that nothing shall supersede any recorded covenant or deed restriction that prohibits the construction of a second dwelling on a lot, and requires an applicant for a permit to publish a notice regarding the permit.

Your Committees find that Act 229, Session Laws of Hawaii, 1981, more commonly referred to as the "ohana zoning" provisions, was enacted to assist families to purchase affordable individual living quarters. This innovative regulatory scheme was designed to make optimal use of scarce land resources, provide an immediate and relatively inexpensive means of increasing the supply of affordable housing, and encourage the maintenance of the extended family.

The "ohana zoning" provisions have generally been applied successfully. However, some permits have been granted and units built in areas where private covenants against such increased density exist. This bill will prevent breaches of private covenants by providing for notice through publication to parties who may be affected by the granting of a permit.

Your Committees have amended the bill by making clarifying language changes which have no substantive effect.

Your Committees on Housing, Hawaiian Programs and Natural Resources and Government Operations are in accord with the intent and purpose of H.B. No. 2078, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2078, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Senators Young, Solomon and Holt.

SCRep. 2506 (Majority) Housing, Hawaiian Programs and Natural Resources on H.B. No. 3451

The purpose of this bill is to expedite the exchange of private and public lands by the Housing Finance and Development Corporation (HFDC) by exempting the HFDC from Section 171-50, Hawaii Revised Statutes (HRS).

Section 171-50, (HRS) allows the HFDC to exchange real property for the purpose of providing housing if public notice is given in accordance with Section 171-16(d), HRS. Section 171-16(d), HRS, requires that public notice, stating in general terms the size and location of the public lands to be disposed, must be published at least once in each of three successive weeks in a newspaper of general circulation in the State, and in a newspaper of general circulation in the appropriate county if the public land is situated in the first, second, and fourth districts. Furthermore, Section 171-50(c), HRS, provides that any exchange of public land for private land is subject to disapproval by the Legislature.

According to testimony provided by the HFDC, these requirements could delay, for more than a year, residential development of private land acquired in exchange for HFDC-owned land. This delay could cause:

- (1) Increased housing costs because of the cost of carrying vacant, undeveloped land while awaiting legislative action; and
- (2) Increased risk because of uncertainty in interest rates.

The present scarcity of State lands that are suitable for residential development creates a need for land exchanges to provide a viable means to acquire suitable lands for housing development. Since timing is a critical factor in development, the ability to expeditiously act upon an opportunity to acquire and develop lands may determine the success or failure of a housing project.

Upon consideration of testimony, your Committee has amended this bill by exempting from Section 171-50, HRS, exchanges of public land which are 100 acres or less in size, provided that the public notice requirements of Section 171-16(d), HRS, are met and a report containing information regarding the exchange is submitted to the Legislature.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 3451, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3451, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Young.
Senator Ikeda did not concur.

SCRep. 2507 Housing, Hawaiian Programs and Natural Resources on H.B. No. 3561

The purpose of this bill is to provide consistency with Act 337, Session Laws of Hawaii 1987, by respectively replacing references to Section 359G-15, Hawaii Revised Statutes (HRS), and the Hawaii Housing Authority (HHA) with Section 201E-205, HRS, and the Housing Finance and Development Corporation (HFDC).

Act 337, Session Laws of Hawaii 1987, transferred certain functions of the HHA to the HFDC by establishing Chapter 201E, HRS, to govern the HFDC and by repealing Chapter 359G, HRS, in its entirety.

Upon consideration of recommendations provided in testimony by HFDC's Executive Director, your Committee has amended this bill by deleting subsection 237-29(c), HRS, in its entirety, because this provision is covered by section 201E-205, HRS. Your Committee also made 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. 3561, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3561, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Young.

SCRep. 2508 Culture, Arts and Historic Preservation on H.B. No. 2273

The purpose of this bill is to designate the native yellow hibiscus (Hibiscus brakenridgei A. Gray), or Pua Aloalo, as the official flower of the State.

In 1923, the Territory of Hawaii passed House Joint Resolution No. 2 designating the hibiscus as the "Flower Emblem of Hawaii."

Hibiscus or pua aloalo is a common name and genus name for some 300 species of herbs, shrubs, and trees growing in warm-temperate and tropical regions of the world. There are an estimated 5000 horticultural varieties, and of the seven species native to Hawaii, six are called pua aloalo.

Your Committee has amended this bill by including the appropriate reference to Ma'o-hau-hele, the specific Hawaiian name for the native yellow hibiscus (Hibiscus brakenridgei A. Gray). Your Committee has included the proper Hawaiian nomenclature for the State flower in an effort to encourage and promote proper usage of one of Hawaii's official languages.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of H.B. No. 2273, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2273, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2509 Housing, Hawaiian Programs and Natural Resources on H.B. No. 2974

The purpose of this bill, as received, is to provide a means by which existing tenants of state lands on revocable permits can obtain financing to improve their leased premises and at the same time stabilize the term of their tenancies.

Your Committee has amended the bill substantially. The bill, as amended, creates a new part to chapter 171, Hawaii Revised Statutes, relating to industrial parks on public lands. Specifically, the bill provides the following:

- (1) Designation by the board of land and natural resources or by law of industrial parks on public lands in an area not less than five acres which is suitable and economically feasible for industrial use;
- (2) Authorizing the board of land and natural resources to plan, develop, operate, and maintain designated industrial parks;
- (3) Development of industrial parks by the board of land and natural resources or through a joint venture in which the board is a partner with a federal agency, county, or private party, subject to the inclusion of certain conditions in the partnership agreement;
- (4) Providing the board of land and natural resources the option to exempt the development of an industrial park from statutes, ordinances, charter provisions, and rules of governmental agencies relating to planning, zoning, construction standards for subdivision development and land improvement, and construction of buildings, provided that certain conditions are met such as a finding by the board that the industrial park meets the minimum requirements for health and safety, the industrial park development complies with safety standards or tariffs of the public utilities commission, and approval of the industrial park is obtained from the county in which the park is proposed;
- (5) Allows the leasing of economic units within an industrial park to eligible lessees for industrial uses only, and allows nonindustrial uses and activities that are ancillary and necessary to the lessee's industrial use and commercial uses if they are necessary to serve other lessees in the park. Preference for a lease is given to small business concerns;
- (6) Establishes an industrial park special fund to be used for the planning, design, construction, land acquisition, and equipment necessary for the development or improvement of industrial parks, and the provision of infrastructure and other public or common facilities within the park;
- (7) Designates certain areas within Sand Island as the Sand Island industrial park. Any person who occupies and holds a permit for land within the park is given first preference to lease that parcel if the person is an eligible lessee. Flexibility is provided for lease negotiations regarding terms, conditions, and lease rent. Your Committee has also inserted a provision expressing legislative intent that persons occupying and using public lands within the designated Sand Island industrial park under month-to-month or revocable permits, be given the opportunity to lease the same lands prior to the designation.

Your Committee has also made conforming amendments to certain sections of chapter 171, Hawaii Revised Statutes, for the purpose of facilitating the development of industrial parks.

Your Committee finds that the development of industrial parks on public lands, as proposed in this bill is a viable mechanism for long-term economic growth of the State by making public land available for Hawaii's industrial enterprises. Further, your Committee believes that the bill provides an effective means by which existing tenants holding month-to-month or revocable permits in designated industrial parks such as the proposed Sand Island industrial park, can stabilize their tenancy and enhance their ability to secure long-term financing.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 2974, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2974, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Young.

SCRep. 2510 Housing, Hawaiian Programs and Natural Resources on H.B. No. 2428

The purpose of this bill is to repeal Chapter 361, Hawaii Revised Statutes, relating to the Community Home Mortgage Program.

The Community Home Mortgage Program was created to provide low-interest mortgages for first-time residential property buyers. To date, however, the program has not been implemented. Furthermore, the Department of Business and Economic Development testified that it does not foresee implementation in the near future.

Your Committee finds that the program is unnecessary, especially since the Hula Mae Program has been successful in providing low-interest mortgages.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 2428, 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 Young.

SCRep. 2511 Culture, Arts and Historic Preservation on H.B. No. 2364

The purpose of this bill is to designate the site currently known as Kamo Point State Historical Park as the Puu Honua O Keolonahihi--State Historic Complex.

The complex would consist of the real property described in Governor's Executive Order 3136, Tax Map Key Number 7-7-04: 12, 15, 51, and 52, and would be administered by the Department of Land and Natural Resources.

According to the testimony of the Office of Hawaiian Affairs discrepancies among various descriptions and references to Keolonahihi make it impossible to determine if a pu'uhonua (place of refuge) known as Keolonahihi existed. For this reason, your Committee has decided to amend this bill by deleting references to the site as a place of refuge or pu'uhonua.

Further testimony provided by Friends of Keolonahihi and the County of Hawaii Planning Director indicate that there was a high chiefess and priestess named Keolonahihi. Upon consideration of testimony describing an association between the Kamoa Point Park and the Chjefess whose name means the intertwining of the bloodline of the alii and kahuna, your Committee believes it is appropriate to name the site Keolonahihi State Historical Park.

Your Committee on Culture, Arts and Historic Preservation is in accord with the intent and purpose of H.B. No. 2364, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2364, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2512 Ways and Means on H.B. No. 3238

The purpose of this bill is to provide for the planning, coordination, development, land acquisition, construction, management, protection, and implementation of the Hawaii statewide trail and access system, to be known as "Na Ala Hele".

Na Ala Hele was initiated by Act 69, Session Laws of Hawaii 1974, to promote public use and enjoyment of trails and other recreational areas served by accesses. Act 69 resulted in the report entitled: Proposals for Planning, Coordination and Development of Hawaii's Statewide Trail and Access System, issued in 1978, by the department of land and natural resources.

Although the report recommended actions to implement Na Ala Hele, implementation of the system has been delayed for approximately ten years. Your Committee finds that the bill, as proposed, provides the necessary provisions for the implementation of the statewide trail and access system and allows the department of land and natural resources flexibility in implementing the system within appropriate and desirable legislatively established parameters.

Your Committee has amended the bill by changing the amount of the appropriation from \$664,000 to \$1. Your Committee believes that the bill, in final form, will provide the necessary funding for the purpose stated herein. Your Committee has also made technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3238, 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. 3238, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Young.

SCRep. 2513 Ways and Means on H.B. No. 2535

The purpose of this bill is to exempt commissions received by travel agents for air transportation from the general excise tax.

Your Committee received testimony on a similar bill, S.B. No. 2688, and finds that a federal statute, 49 U.S.C. section 1513(a), specifically prohibits a state from levying a tax on the sale of air transportation or on the gross receipts derived from such a sale. This prohibition extends to indirect as well as direct taxes. Travel agencies act as agents for airlines: they are not independent purchasers of air transportation. For example, an airline will charge \$1,000 for an airline ticket, none of which is taxable under the federal statute. A travel agent will charge the same \$1,000, which is put into escrow for the airline, which then removes all but ten per cent, the travel agency's commission. Your Committee finds that the State may not tax the agent on sums on which it could not tax the principal. Your Committee also notes that no other state taxes air travel commissions.

Your Committee finds that passage of this bill will not "open the floodgates," leading the way for other occupations in which commissions are the typical form of compensation to ask for a similar exemption. The exemption in this bill is based on a federal statute prohibiting taxes on air transportation and none of the other occupations have a comparable federal prohibition.

Your Committee has amended this bill by creating a new section 237-24.1, Hawaii Revised Statutes, for the exemption, rather than adding it to the long list of exemptions under section 237-24. This is a technical, and not a substantive change. Your Committee also clarified the bill by enumerating the controlling federal statutes.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2535, 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. 2535, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Young.

SCRep. 2514 Ways and Means on H.B. No. 3593

The purpose of this bill is to extend the existence of the compliance resolution fund and allow the Director of Commerce and Consumer Affairs to appoint an information officer not subject to civil service and compensation laws to ensure prompt and efficient handling of consumer inquiries and to develop a strong consumer education program.

The compliance resolution fund, which was created in 1982 to expedite consumer complaints relating to the regulated industries programs, is scheduled to expire on July 1, 1991. This bill would extend the Fund until July 1, 2001.

Your Committee finds that extension of the compliance resolution fund is necessary to maintain continuity of fee collections, which are made biennially. Postponing such action even one year would cause collection problems as early as the 1989 biennial renewal period. Your Committee further finds that creation of a program to inform and educate the public regarding the Department's activities will increase the ability of the Department to carry out its policies and objectives.

Your Committee has amended the bill as follows:

- (1) By adding a new Section 3 to establish annual reporting requirements on the use of the compliance resolution fund;
- (2) Renumbering Sections 3 and 4 to Sections 4 and 5 respectively for purposes of consistency; and
- (3) Making other technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3593, 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. 3593, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Young.

SCRep. 2515 Ways and Means on H.B. No. 3596

The purposes of this bill are to change and clarify the administrative relationship between the department of commerce and consumer affairs and the office of consumer protection, and to resolve areas of conflict or confusion in the field of consumer protection in Hawaii.

During the past year, the department of commerce and consumer affairs conducted an in-depth review of its mission and the activities of the attorney general's office relating to consumer protection. Most of the matters requiring resolution were handled administratively. This bill covers the few matters which require legislative action and will complete the process of moving the office of consumer protection entirely into the department of commerce and consumer affairs.

Your Committee has amended the bill by making technical, nonsubstantive amendments for purposes of style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3596, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3596, S.D. 2.

Signed by all members of the Committee except Senator Young.

SCRep. 2516 Ways and Means on H.B. No. 2068

The purpose of this bill is to provide funds to support a methanol-from-biomass pilot plant feasibility study.

The bill expresses the State's commitment to biofuels research and development by appropriating \$220,000 in matching funds for the conduct of a methanol-from-biomass research pilot plant feasibility study by the Hawaii natural energy institute of the University of Hawaii and \$1 for the plans and construction of a methanol-from-biomass research pilot plant.

Your Committee has amended the bill by deleting the appropriation for the plans and construction of a methanol-from-biomass research pilot plant for fiscal year 1988-1989 and by clarifying in the purpose section of the bill that the legislature intends to appropriate cost-sharing funds for such capital improvement requirements during the 1989-1991 fiscal biennium. Your Committee has also made technical, nonsubstantive 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. 2068, 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. 2068, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 2517 Ways and Means on H.B. No. 2151

The purpose of this bill is to establish a temporary revolving loan program to provide seed capital for small business development and growth on the island of Molokai.

With the cessation of commercial pineapple cultivation and the recent cattle depopulation, Molokai's economy is severely depressed and the island's unemployment is the highest in the State. The expansion of the small business community which includes artisans and cottage-type industries is viewed as having an important role in the revival of a

healthy economy on Molokai. Your Committee finds that government-sponsored small business loans are needed to start up these ventures. This bill will provide such loans to facilitate the growth of small business and economic revival of Molokai.

Your Committee has made technical, nonsubstantive amendments for purposes of style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2151, 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. 2151, H.D. 2, S.D. 2.

Signed by all members of the Committee.

SCRep. 2518 Ways and Means on H.B. No. 2179

The purpose of this bill is to diversify the economic base of this State by encouraging aquaculture development in Hawaii.

This bill appropriates \$115,000 to conduct research on nori and other economically important marine species at the Natural Energy Laboratory of Hawaii that will contribute toward the development of commercial nori culture techniques in Hawaii.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2179, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2519 Ways and Means on H.B. No. 2691

The purpose of this bill is to provide the required matching funds for a federal appropriation of \$6,375,000 for a National Center for Applied Aquaculture in Hawaii.

This bill appropriates \$1,000,000 for the planning, design, and construction of a Center for Applied Aquaculture at the Oceanic Institute, provided that a memorandum of understanding for cooperation and a joint agreement of the specific plans for the development and implementation of the center be signed by the President of the University of Hawaii, the Chairperson of the Board of Land and Natural Resources, and the Chairperson of the Oceanic Institute before any funds are expended, and allows the funds to be expended for facilities at the Oceanic Institute and elsewhere.

The proposed Center for Applied Aquaculture would provide the nation with its first facility directed to marine aquaculture industry development, and will maintain Hawaii's position of leadership in aquacultural research and development in the United States and in the Pacific Basin.

Your Committee has amended the bill by deleting language requiring a joint agreement of specific plans for the development and implementation of the center; by requiring progress reports to be made to the legislature; and by making technical, nonsubstantive changes.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2691, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2691, S.D. 2.

Signed by all members of the Committee.

SCRep. 2520 Ways and Means on H.B. No. 2876

The purpose of this bill is to appropriate funds for the completion of a hyperbaric treatment chamber system and the construction of a facility to house the hyperbaric system.

Your Committee has amended the bill by changing the amount of the appropriation from \$1,750,000 to \$1. Your Committee believes that the bill, in final form, will provide the necessary funding for the purpose stated herein. A fully operational hyperbaric treatment chamber system will provide a valuable service to Hawaii's people in the treatment of decompression sickness and other related medical disorders. Your Committee has also made technical, nonsubstantive changes for purpose of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2876, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2876, S.D. 1.

Signed by all members of the Committee.

SCRep. 2521 Ways and Means on H.B. No. 2591

The purpose of this bill is to appropriate funds to implement environmental education programs.

Specifically this bill appropriates \$35,000 for the development and implementation of an environmental educational program, which will be coordinated by the Office of Environmental Quality Control, to provide educational guidance to state and county agency staffs to ensure conformance with environmental review procedures required by chapter 343, Hawaii Revised Statutes.

Your Committee finds that agencies, applicants, and interested members of the general public could benefit substantially from educational programs focused on natural resource policies, laws, and rules.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2591, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Young.

SCRep. 2522 Ways and Means on H.B. No. 3452

The purpose of this bill is to establish a revolving fund to provide assistance to counties or state agencies for the construction of publicly owned wastewater treatment works.

Your Committee reported out the companion to this bill, S.B. No. 2381, S.D. 2.

The Environmental Protection Agency's (EPA) direct grant programs end in 1990, while the authority for EPA to make grants to the states to capitalize state water pollution control revolving funds (SRF) begins in 1989. Congress has authorized funds for SRF capitalization grants from fiscal year 1989 through fiscal year 1994 amounting to about \$63 million to the State of Hawaii. However, after 1994, the states and municipalities will be responsible for providing financing necessary to meet the enforceable requirements of the Act.

In order to receive the \$63 million of federal capitalization grants, the State must establish, by statute, a water pollution control revolving fund in accordance with the provisions and requirements of the Water Quality Act of 1987. Establishment of the SRF would provide financial assistance to the counties constructing needed future wastewater facilities, insure compliance with statutory deadlines and protect our water resources and public health.

This bill also converts thirteen temporary positions in the Wastewater Treatment Works Construction Grants Branch to federally funded permanent positions and provides that state funds appropriated under Act 216, Session Laws of Hawaii 1987, Item D-1 be utilized as matching funds in an amount equal to twenty per cent of federal capitalization grants.

Your Committee amended this bill by making technical, nonsubstantive changes for purposes of style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3452, 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. 3452, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Young.

SCRep. 2523 Ways and Means on H.B. No. 2532

The purpose of this bill is to establish an office of veterans' services within the state department of defense.

Presently, there are approximately 102,000 veterans in Hawaii who may be eligible for services and benefits provided by the State. These services and benefits are dispersed throughout five state departments. Under existing law, the department of human services serves as a clearinghouse and coordinating body for activities, services, and information relating to veterans.

Your Committee understands that the overall problem with existing statutes is the lack of a central focus and direction to address and resolve issues confronting veterans. Your Committee finds that the bill addresses the important need to streamline and clarify the focus of benefits and services that are available to, and issues that are of concern to, veterans.

Your Committee has amended this bill by making technical, nonsubstantive changes for purpose of style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2532, 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. 2532, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Young.

SCRep. 2524 Ways and Means on H.B. No. 3562

The purpose of this bill is to create a rental housing revolving fund under chapter 201E, Hawaii Revised Statutes (HRS) and make housekeeping changes to section 201E-205, HRS, relating to exemptions from general excise taxes for government-assisted rental housing projects.

During the 1987 legislative session, Act 24, Session Laws of Hawaii 1987, was enacted to establish a rental housing revolving fund and Act 64 of the same session was enacted to delete provisions exempting existing government-assisted rental housing projects from general excise taxes. However, due to technical errors contained in those Acts (amending sections of chapter 359G which was repealed), these amendments were not codified in the Hawaii Revised Statutes because resolution of the errors and the ambiguity created by the enactment of Act 337, Session Laws of Hawaii 1987, establishing the housing finance and development corporation and repealing chapter 359G, would have required actions exceeding the statutory authority of the revisor of statutes.

Your Committee finds that the bill is necessary to carry out the mission of the housing finance and development corporation. Further, the creation of a rental housing revolving fund is an essential aspect of the corporation's fiscal

ability to administer its rental housing program including the development of the facilities constructed in conjunction with rental housing projects, particularly for the elderly.

Your Committee has made technical, nonsubstantive changes for purposes of style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3562, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3562, S.D. 1.

Signed by all members of the Committee except Senator Young.

SCRep. 2525 Ways and Means on H.B. No. 2627

The purpose of this bill is to appropriate \$200,000 to fund the statewide collection and disposal of hazardous wastes accumulated by farmers and householders in Hawaii.

Currently, there are no hazardous waste landfill sites or treatment and storage facilities in the State, and the shipment of wastes to mainland facilities for disposal is very costly. In order to avoid this expense, many farmers are disposing of or storing their wastes in ways that may be hazardous not only to themselves and their immediate families, but to the environment. Some of these wastes are carcinogenic, acutely toxic, or may contaminate drinking water supplies. This bill serves to protect the health of Hawaii's citizens and the environment by facilitating the removal of such unwanted pesticides and hazardous wastes in a safe and legal manner.

Your Committee has amended the bill by making a technical change which has no substantive effect.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2627, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2627, S.D. 2

Signed by all members of the Committee except Senator Young.

SCRep. 2526 Ways and Means on H.B. No. 2197

The purpose of this bill is to relieve the counties of fiscal responsibility for persons who are unable to pay for their own care and maintenance while under quarantine for an infectious disease.

Currently, if a person is infected or suspected of being infected, the Department of Health may quarantine the person at the person's expense or at the expense of the parent or guardian; otherwise the quarantine is paid for by the county. This bill makes the State the payor of last resort.

Your Committee finds that the ability of the Department of Health to protect the public from disease is inhibited by the current separation of responsibilities between the Department and the counties. Your Committee further finds that it is more appropriate, efficient, and efficacious for the State to take full responsibility for services which are certified by one of its own executive agencies.

Your Committee has amended this bill by making technical nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2197, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2197, S.D. 1.

Signed by all members of the Committee except Senator Young.

SCRep. 2527 Ways and Means on H.B. No. 2553

The purpose of this bill is to appropriate \$150,000 for fiscal year 1988-1989 to subsidize liability insurance premium payments for certain obstetricians and gynecologists designated by the insurance commissioner.

Your Committee finds that in certain rural communities the cost of liability insurance for obstetricians and gynecologists could jeopardize the availability of their medical services. Their liability insurance premiums have risen by sixty-six per cent since August 1, 1987.

Your Committee has amended the bill by changing the amount appropriated to \$100,000 and by making a technical, nonsubstantive change.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2553, 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. 2553, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Young.

SCRep. 2528 Ways and Means on H.B. No. 2092

The purpose of this bill is to increase the mileage fee paid to jurors in compensation for the miles traveled to and from court for each day of court attendance from 20 to 33 cents a mile, and to appropriate funds to pay for the increase in fees.

Your Committee recognizes that the current mileage fee was established in 1973 and should be increased to ease the burden of extra out-of-court expenses borne by jurors to reflect increases in travel costs.

Your Committee has amended this bill by changing the amount appropriated to \$230,000.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2092, 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. 2092, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Young.

SCRep. 2529 Ways and Means on H.B. No. 3242

The purpose of this bill is to establish a standard of need in the State's public assistance programs.

Currently, there is a wide gap between the public assistance allowance and the cost of living. The diminishing purchasing power of the allowance creates severe hardships for needy persons trying to purchase food, shelter, and clothing. This companion bill to S.B. No. 3090, S.D. 2, will narrow the gap by providing for an allowance which will be equal to sixty per cent of the poverty level established by the federal government. The bill also appropriates \$5,450,000 for such allowances, of which \$50,000 is to be used for child abuse and neglect emergency assistance.

Your Committee has amended the bill by deleting the section regarding the construction of public assistance and child welfare laws and making technical, nonsubstantive amendments for purposes of style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3242, 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. 3242, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Young.

SCRep. 2530 Ways and Means on H.B. No. 2035

The purpose of this bill is to allow captive insurance companies to engage in the business of credit life insurance and credit disability insurance.

Your Committee has amended this bill to permit a captive insurance company to sell credit life insurance and credit disability insurance only with respect to loans or other credit transactions between its parent or affiliated companies and their directors, officers, and employees. This would correct the situation that currently exists which prevents a parent or affiliate from utilizing its own captive insurance company to provide credit life and credit disability coverage for its directors, officers, and employees. This amendment would also satisfy the concerns of those who feel that without this limitation, the captive would be allowed to enter the life insurance business in unrestricted competition with conventional insurers which would have a negative impact on Hawaii's life insurance industry.

Your Committee has also made technical, nonsubstantive amendments for purposes of style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2035, 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. 2035, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Young.

SCRep. 2531 Ways and Means on H.B. No. 3304

The purpose of this bill is to amend Acts 347, 348, and 349, Session Laws of Hawaii 1987, to establish consistency in the application of the insurance code.

The bill would:

- (1) Require filing fees throughout the code in instances where forms filed with the insurance division of the department of commerce and consumer affairs are reviewed and approved by the division;
- (2) Provide for a penalty and possible revocation of a fraternal benefit society license in the event of late or nonpayment of the license fee;
- (3) Require foreign or alien insurers to notify the commissioner of name changes before the effective date of the change;
- (4) Permit the commissioner to appoint a senior rate and policy analyst exempt from civil service requirements;
- (5) Make certain provisions of the insurance code applicable to title insurance and title insurers; and
- (6) Correct certain section references to the code.

Your Committee amended the bill by making technical, nonsubstantive changes for purposes of clarity and style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3304, H.D. 2, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3304, H.D. 2, S.D. 1.

Signed by all members of the Committee except Senator Young.

SCRep. 2532 Ways and Means on H.B. No. 2851

The purpose of this bill is to provide periodic orientation and training to those responsible for making child abuse and neglect reports; add to those required to report child abuse or neglect, employees of any public or private agency providing recreational or sports activities; and require the attorney general to develop a plan, with the cooperation of the department of human services, to perform criminal history checks on applicants applying to operate a child care facility and on any prospective or new employees of the applicants.

Your Committee has amended the bill by appropriating \$30,000 to the department of human services to periodically orient and train those required to make reports of child abuse or neglect and changing the effective date of the bill to July 1, 1988.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2851, H.D. 3, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2851, H.D. 3, S.D. 1.

Signed by all members of the Committee except Senator Young.

SCRep. 2533 Ways and Means on H.B. No. 2055

The purpose of this bill is to establish a demonstration project to provide transitional child care, health care, and housing benefits for welfare families when the welfare benefits are terminated or decreased because of subsequently acquired employment.

Currently, families receiving aid to families with dependent children (AFDC) and general assistance (GA) will have those benefits reduced according to the amount of income derived from newly acquired employment. However, the newly acquired employment may not provide as many benefits as are received from AFDC and GA, and the newly employed person may now have additional expenses, such as child care, which need to be provided. This situation leads to families declining employment on the ground that they will be at a greater financial disadvantage while working, than while on welfare. This can create a vicious cycle of dependence at great cost to the State and to the families.

This bill provides for short-term child and health care and housing benefits so that struggling parents will be able to take care of their families while making the transition to permanent employment, and thus will have incentives to seek employment. Families will grow in self-esteem and emotional and physical well-being by gaining and retaining employment, while being assured that their dependents are cared for and have medical coverage. This bill is a significant step toward ending decades of welfare dependency.

Your Committee has amended the bill to reduce the appropriation to \$314,664. Your Committee understands that this bill, as received, would provide transitional assistance to no less than 1,200 families. Since this project is a demonstration project, a more limited scope is appropriate. Your Committee estimates that fifty families will receive assistance under this bill as amended.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2055, 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. 2055, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Young.

SCRep. 2534 Ways and Means on H.B. No. 2006

The purpose of this bill is to establish a temporary statewide fair access commission.

This bill appropriates funds for the establishment of a statewide fair access commission within the Office of the Governor, to review the access to government activities and processes available and to explore various means by which the quantity and quality of this access can be improved. The commission shall report its findings to the regular session of the 1989 legislature and shall cease operations on June 30, 1991.

Your Committee, having heard testimony on H.B. No. 2006, S.D. 1, believes that a fair access commission can help to ensure that neighbor island residents have sufficient access to allow full participation in government decision making and have access to all necessary information on a timely basis.

Your Committee has amended the bill by:

- (1) Adding the words "including travel expenses" to subsection (c), at page 3, line 15;
- (2) Appropriating the sum of of \$17,000 for the purposes of this Act;
- (3) Deleting the words "consultants and" in section 3, at page 4, lines 1 and 2;
- (4) Providing for the lapsing of funds which are unexpended or unencumbered at the time the temporary commission is scheduled to cease operations; and

- (5) Making technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2006, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2006, S.D. 2.

Signed by all members of the Committee except Senator Young.

SCRep. 2535 Ways and Means on H.B. No. 3408

The purpose of this bill is to establish a civil rights commission into which all enforcement responsibilities of the State's discrimination laws are to be consolidated.

As provided by the current draft of this bill, the civil rights commission is to be composed of five members nominated and, with advice and consent of the senate, appointed by the governor for staggered terms, and placed within the department of labor and industrial relations for administrative purposes only.

The powers and functions of the commission are to investigate and conciliate complaints of unlawful discriminatory practices under existing state laws, to commence civil action in circuit court, and to issue the right to sue to the complainant. Other duties include public education of unlawful discriminatory practices and annual reports to the governor and legislature. The bill also provides for a penalty of not more than ninety days imprisonment for interference with the duties of the commission.

The bill also requires the legislative auditor, with assistance from the legislative reference bureau, to review the State's discrimination laws and the current policies, procedures, and staffing of the respective state departments and agencies with respect to the enforcement of such laws, and a review of the statutory language establishing the civil rights commission in the bill.

Presently, the enforcement responsibilities for the State's discrimination laws are established within the agencies and departments with the greatest expertise in each respective area. For example, the responsibility for the enforcement of laws pertaining to discriminatory employment practices is within the department of labor and industrial relations. The legislature recognizes that this department works closely with both the employer and the employee in the enforcement of state laws not only as to discrimination, but also as to workers' compensation laws, wages and hourly compensation, child labor laws, disability insurance, medical insurance, and occupational safety, to name a few. Similarly, enforcement of discrimination in real property transactions is uniquely placed within the department of commerce and consumer affairs because of its expertise. Thus, there must be compelling reason for the legislature to remove the jurisdiction to enforce the discrimination laws from these departments to the proposed civil rights commission.

It is the intent of this bill to strengthen the enforcement policies and procedures of the State's discrimination laws. Your Committee is in full agreement that this goal could be accomplished by creating a single authority which has as its primary mission the enforcement of the State's discrimination laws. The establishment of a civil rights commission would facilitate the development of a staff with expertise in all discrimination laws, provide increased public awareness of the rights and remedies regarding discriminatory practices in this State, and provide a more accessible and efficient system of enforcement.

Upon further consideration, your Committee agrees with the Committee on Judiciary that the record presently lacks data as to the full degree and extent to which the State's discrimination laws are or are not being enforced and that the full extent, role, powers, and functions of the commission should be established after a review is made by the legislative auditor. Your Committee believes, however, that the study to be conducted by the legislative auditor on the current discrimination laws and enforcement practices should also encompass an examination of the necessity of establishing a civil rights commission. Accordingly, your Committee has amended the bill by deleting the provisions in the bill providing for the establishment of the civil rights commission and by expanding the scope of the study to be conducted by the legislative auditor, with assistance by the legislative reference bureau, to include a recommendation on the necessity for establishing a civil rights commission. Your Committee has also amended the purpose section to reflect the changes made, changed the effective date of the bill to July 1, 1988, and added an appropriation of \$10,000 to the legislative reference bureau to assist the legislative auditor in the conduct of the study.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3408, 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. 3408, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Young.

SCRep. 2536 Ways and Means on H.B. No. 1700

The purpose of this bill is to improve and extend the University of Hawaii tuition waiver program for Vietnam veterans.

Under section 304-14.7(c), Hawaii Revised Statutes, no tuition waivers for Vietnam veterans wishing to attend the University of Hawaii will be granted after September, 1990. This bill will extend the deadline to September, 1993 and will allow veterans to use these tuition waivers in addition to any other waivers they may obtain from the University.

Your Committee finds that this bill will strengthen the existing Vietnam veterans tuition waiver program.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 1700, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Young.

SCRep. 2537 (Majority) Ways and Means on H.B. No. 2093

The purpose of this bill is to assign all Periodic Motor Vehicle Inspection (PMVI) responsibilities to the Director of Transportation.

Your Committee finds that, at the end of the last legislative session, a task force was formed consisting of representatives from the state and county governments, inspection station operators, and private citizens to evaluate the PMVI program. The consensus of the task force, after reviewing the present PMVI law and program, was to continue the program. One of the recommendations of the task force was to place the program entirely under the control of the State.

This bill places the responsibilities of the PMVI program with the Department of Transportation, directs the Director of Transportation to set the amount of the inspection fee which PMVI stations can charge vehicle owners, and allows the Department of Transportation to contract with the counties for administrative and enforcement services.

Your Committee further finds that the effective date of July 1, 1989 will provide the Department of Transportation time to adopt rules, set the fees, and put the program into operation.

Your Committee has amended the bill to include the words "motorcycles" and "trailers" at page 1, line 13, which were omitted inadvertently. Your Committee also made technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2093, 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. 2093, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Young.
Senators Herkes and Ikeda did not concur.

SCRep. 2538 Ways and Means on H.B. No. 3558

The purpose of this bill is to (1) increase from \$2,000 to \$10,000 the ceiling amount of claims the Attorney General is authorized to arbitrate, compromise, or settle without court approval or the commencement of an action; and (2) appropriate \$150,000 to be used by the Department of the Attorney General for paying informally resolved claims and for contracting necessary claims adjusting services.

The \$2,000 statutory authorization was first established in 1969 and is outdated. Your Committee finds that the State could resolve many cases faster, and thus, more economically, on the average, if the Attorney General had the additional authority to settle cases between \$2,000 and \$10,000, which account for 25 per cent of the cases for which the Attorney General has sought legislative appropriation in the past three years.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3558, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Young.

SCRep. 2539 Ways and Means on H.B. No. 3008

The purpose of this bill is to clarify Section 6 of Act 225, Session Laws of Hawaii 1987, relating to the right and ability of any public officer or employee to receive salary increments, reallocations, or any other form of pay increase derived from or gained through established civil service procedures.

Act 225, Session Laws of Hawaii 1987, was a follow-up to Act 157, Session Laws of Hawaii 1986, mandating that a pay equity study be conducted of state and county classes of work. The study involved the review of the work of female- and male-dominated classes of work to determine whether there is wage discrimination, based on sex, in the job evaluation system. The study found no wage discrimination based on sex, however, the state and county assessments of a few classes of work were found to be at variance. As a result, Act 225 adjusted the pay for the classes at variance.

This bill ensures that employees in classes of work which were not adjusted have the right to petition for appeal to seek adjustments.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3008, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Young.

SCRep. 2540 Ways and Means on H.B. No. 3414

The purpose of this bill is to appropriate funds for a study of the compensation plans of the secretarial classes within the state civil service system for the purpose of correcting pay inequities, if any are found to exist.

During the 1987 legislative session, the legislature adopted H.R. No. 358, requesting the conference of personnel directors to review the secretarial classes within the state civil service system and to focus upon pay inequities. Further, pursuant to chapter 77, Hawaii Revised Statutes, the conference of personnel directors is responsible for compiling and

recommending to the public employees compensation appeals board (PECAB) a tentative compensation plan. PECAB would then make the necessary adjustments, if any, to the compensation plan. Although compensation studies have been made, no pay inequities have been corrected.

The bill provides for a study to be conducted by the legislative reference bureau to compare and review the compensation plans for the secretarial classes within the state civil service system. Further, the legislature may submit the study's findings and recommendations to PECAB, where the necessary adjustments, if any, to the compensation plan shall be made.

Your Committee finds that this study is essential for alleviating any pay inequities which exist between secretaries within the state civil service system. Secretaries are valued and trusted employees and should be recognized and compensated accordingly for their hard work and dedication. Thus, your Committee has amended the bill by increasing the amount of the appropriation for the study from \$50,000 to \$75,000.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3414, 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. 3414, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Young.

SCRep. 2541 Judiciary on H.B. No. 2004

The purpose of this bill, as received by your Committee, is among other things, to provide a definition of abuse for the Penal Code provision pertaining to abuse of family and household members.

Your Committee held a public hearing on this bill and has amended this bill in conformance with a similar bill, S.B. No. 2970, S.D. 1.

As amended, your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2004, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2004, 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 and J. Wong.

SCRep. 2542 Judiciary on H.B. No. 2119

The purpose of this bill is to amend section 663-1.3 of the Hawaii Revised Statutes, to prohibit the ad damnum clause in any amendments to pleadings.

The bill clarifies the language in section 663-1.3 by including amendments to pleadings wherein no amount of damages may be specified, but shall only contain a prayer for general relief. As amended in H.D. 1, the bill removes the harshness of the dismissal without prejudice by allowing a claimant to amend the pleadings in compliance with the present law.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2119, 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 J. Wong.

SCRep. 2543 (Majority) Judiciary on H.B. No. 2195

The purpose of this bill is to void and to render as unenforceable any restrictive covenants which prevent or restrict the establishment of facilities licensed by the State as an adult residential care home, intermediate care facility/mental facility, or a special treatment facility in a residential community.

Your Committee finds that such restrictive covenants create a barrier for integration of the disabled, handicapped, and infirm into the community. Persons with these disabilities have an equal right to grow up and remain in their home communities. Restrictive covenants have resulted in over-saturation in some communities and the uprooting of individuals from their home communities.

Your Committee received supporting testimony from the Commission on the Handicapped, Association for Retarded Citizens of Hawaii, State Planning Council on Developmental Disabilities, Handicapped Network, American Civil Liberties Union of Hawaii and numerous group agencies in support of this bill.

Your Committee concurs with H.B. 2195, H.D. 1, Standing Committee Report No. 2383, as submitted by your Committee on Human Services.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2195 H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Holt and J. Wong.
Senators Chang, George and Reed did not concur.

SCRep. 2544 Judiciary on H.B. No. 2242

The purpose of this bill is to establish mandatory minimum terms of imprisonment for a person who causes the death of or inflicts serious or substantial bodily injury to a person 60 years or older, blind, paraplegic or quadriplegic, or a minor 8 years or younger, while committing or attempting to commit a felony. This bill also provides that for 2nd degree murder, the minimum sentence shall be 15 years, for a class A felony 6 years 8 months, for class B felony 3 years 4 months, and for a class C felony 1 year 8 months. In addition, this bill also establishes that mandatory terms shall be without possibility of parole. It also prohibits a sentence of probation for crime involving death or serious or substantial injury to a child, elderly person or handicapped person.

Your Committee finds that mandating harsher punishment for crimes committed against victims who are less able to protect themselves will afford a greater measure of protection for these groups.

Your Committee received testimony supporting this bill from the Honolulu Police Department, and the Prosecuting Attorney.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2242, 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 J. Wong.

SCRep. 2545 Judiciary on H.B. No. 2764

The purpose of this bill is to increase the penalty for the commission of the offense of promoting child abuse in the first degree from class B felony to class A felony.

The offense of promoting child abuse in the first degree penalizes those offenders who produce, direct, or participate in child pornography or child pornographic performances. The offender must know or have reason to know that a minor is involved with the preparation of these materials and performances.

Your Committee finds that reclassifying this offense to class A felony will make the classification consistent with the current penalty for the similar offense of sexual abuse in the first degree involving a minor.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2764, 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 J. Wong.

SCRep. 2546 Judiciary on H.B. No. 2906

The purpose of this bill is to provide the same procedural rights to aliens, as guaranteed in our constitution, upon entering a plea of guilty or no contest.

Currently, the courts are not required to inform or warn aliens that entry of an acceptance of guilty plea or plea of nolo contendere may result in deportation, exclusion from the United States or denial of naturalization. The proposed legislation will ensure that aliens are afforded the opportunity to seek legal advice regarding the consequences of entering a guilty plea which would adversely affect their immigration status.

Further, this bill provides that the failure of the courts to notify the alien defendant with this vital information will result in a vacation of judgement. The defendant, therefore, will be allowed to withdraw the plea of guilty and enter a plea of not guilty.

Your Committee received favorable testimony in support of this measure from Na Loio no na Kanaka (The Lawyers for the People of Hawaii), American Civil Liberties Union, and Inter-Agency Council for Immigrant Services.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2906, 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 J. Wong.

SCRep. 2547 Judiciary on H.B. No. 3060

The purpose of this bill is to amend Chapter 291, Hawaii Revised Statutes, by adding a new section relating to the liability of lessees for parking citations.

Your Committee held a hearing on this bill and found presently, there are approximately 30,000 vehicles in the State that are leased or rented to visitors on a daily or weekly basis. Due to the nature of the rental car industry, many lessees incur numerous traffic citations of which many go unpaid, thus leaving the burden on the rental car company or lessor. This bill places the responsibility to the lessor in providing the name and address of the lessee to the court forty-five (45) days after receipt of the notice containing the date, time, and location of the violation. This bill, however, allows the administrative judge to waive the requirement of providing the name and address of the lessee by the lessor and instead impose an administrative fee on the lessor.

Further, your Committee has amended H.B. 3060, H.D. 1, by revising the administrative fee of \$2.00 to not more than \$8.00 to be imposed on the lessor in lieu of requiring the lessor to furnish the name and address of the lessee. Your Committee finds that this is a reasonable amount in light of the testimony received.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3060, H.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3060, H.D.1, S.D. 1.

Signed by all members of the Committee except Senators Holt and J. Wong.

SCRep. 2548 Judiciary on H.B. No. 3068

The purpose of this bill is to provide protection for a health care professional who provides information about another health care professional pursuant to a professional or peer review proceeding. The bill provides that any health care professional who brings a frivolous or unwarranted case against another health care professional must pay the assessed defense cost, including reasonable attorney's fees.

Your Committee received testimony supporting this measure from Hawaii Federation of Physicians and Dentists, Medical Coalition for Tort Reform, and the Department of Commerce and Consumer Affairs.

Your Committee on Judiciary amended the bill because of a concern that the bill could be interpreted to impose a duty upon the second health care professional to investigate the facts through a "reasonable effort."

The language contained in the bill could cause problems and legal maneuvering to establish that the defendant ("second health care professional") had not made "a reasonable effort to obtain the facts", or that the actions of the plaintiff ("first health care professional") were frivolous, unreasonable, or in bad faith. The language of the bill potentially provides additional matters to be litigated and therefore would not be consistent with the purpose of protecting complainants and witnesses from the costs and other burdens of litigation.

Your Committee believes that the same results as intended by the bill could be achieved by simply amending Section 663-1.7(b) and has accordingly done so. The bill, as amended, provides protection for all witnesses who are acting without malice. Finally, your Committee finds that present law provides for appropriate sanctions, including attorney's fees and costs, against a losing party in actions adjudged by the court to be frivolous.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3068, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3068, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator J. Wong.

SCRep. 2549 Judiciary on H.B. No. 3567

The purpose of this bill is to extend coverage under the State Tort Liability Act to the parents of state employees who are minors.

Presently, the provisions of the State Tort Liability Act, Hawaii Revised Statutes, Chapter 662, do not apply to the parents of minor state employees. However, Hawaii Revised Statutes Section 577-3 provides that parents are liable for the actions of their unmarried minor children.

Your Committee finds that although minor state employees are covered under Chapter 662, their parent's vicarious liability for the torts of their children are not.

Your Committee received testimony in support of this bill from the Department of the Attorney General and the Superintendent of Education.

Your Committee amended the bill to extend coverage for the legal guardians of minor state employees.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3567, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3567, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senators Holt, Solomon and J. Wong.

SCRep. 2550 Judiciary on H.B. No. 3635

The purpose of this bill is to include in the penal code the definition of "falsely endorse" as it pertains to a written instrument. The current language of the forgery laws only addresses "complete" and "incomplete" written instruments.

Your Committee received favorable testimony from the Honolulu Police Department. Currently, existing statutes do not include false endorsement as one of the methods of forging a written instrument. The offense, therefore, must be prosecuted pursuant to theft statutes, which has a lighter penalty, instead of forgery. Inclusion of "falsely endorse" in the statutes, Sections 708-851, -852, and -853, would strengthen the existing forgery laws.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3635, 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 J. Wong.

SCRep. 2551 Judiciary on H.B. No. 3571

The purpose of this bill is to clarify existing law allowing the State of Hawaii to recover unclaimed or abandoned property in the custody and control of the federal government.

The bill provides for a filing fee to be collected from any person wishing to remove his or her name from the petition filed by the State to recover funds from the federal government.

Your Committee received testimony in support of this measure from the Attorney General.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3571, 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 J. Wong.

SCRep. 2552 Judiciary on H.B. No. 3570

The purposes of this bill are to: (1) provide a streamlined procedure for initiation of automatic income assignments based on support orders issued in another state, (2) provide that all support orders shall be accompanied by an income assignment order, (3) clarify the role of public attorneys in what has traditionally been a private matter, and (4) repeal obsolete provisions relating to court trustees.

Testimony was received in support of this bill from the Attorney General and Family Court. At the request of the Attorney General and the Family Court, your Committee has made technical amendments to sections 1 and 2 of the bill to incorporate a reference to the administrative process for enforcement of child support, to change the time period and other procedures for court-initiated income withholding to conform to §571-52, Hawaii Revised Statutes, and to delete unnecessary language relating to the effective date of immediate income withholding orders.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3570, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3570, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator J. Wong.

SCRep. 2553 Judiciary on H.B. No. 3568

The purpose of this bill is to create an administrative process for establishing and enforcing child support obligations. This process will enable the State to comply with the requirements of Public Law 98-378, the Child Support Amendments of 1984, which require states to meet strict timeframes in the handling of support enforcement cases. This process will also relieve the Family Court of a substantial portion of its child support workload, and provide an enforcement mechanism which is faster and more accessible to the average citizen. Over seventeen states are presently using an administrative process similar to the one created in this bill.

Testimony was received in support of this bill from the Attorney General and the Family Court. At the request of the Attorney General and the Family Court, your Committee has made a number of technical amendments to eliminate inconsistent terminology, to eliminate duplicative provisions, and to eliminate possible conflicts with existing child support laws.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3568, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3568, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator J. Wong.

SCRep. 2554 Judiciary on H.B. No. 3348

The purpose of this bill is to repeal chapter 560 relating to informal probate procedures, to make conforming amendments in light of the repeal of such informal proceedings, and to increase the jurisdiction of small estates administration to \$40,000.00.

Your Committee held a hearing on this bill and questions were raised by your Committee as to the impact that such a drastic repeal would have on the public. Your Committee feels that sufficient data is not available at this time as to the ramifications this bill would have on all persons who utilize the informal proceedings.

Accordingly, your Committee has amended the bill to increase the affidavit amount under section 560:3-1201 from \$1,000 to \$5,000 and has amended §560:3-1212 by increasing the amount of personal property that the coroner may dispose of from \$100 to \$1,000. Finally, your Committee has repealed the summary of small estates not in excess of \$2,000.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3348, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3348, 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 and J. Wong.

SCRep. 2555 Judiciary on H.B. No. 3164

The purpose of this bill is to propose an amendment to Sections 4 and 6 of Article IV of the State Constitution to change the population base used for reapportionment from registered voters to population; and to repeal Section 5 which requires fractional votes for legislators from any basic island unit allocated less than a minimum of two senators and three representatives.

Your Committee held a hearing and received supporting testimony from Common Cause/Hawaii, the League of Women Voters of Hawaii, and the Lieutenant Governor's Office.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3164, 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 J. Wong.

SCRep. 2556 Consumer Protection and Commerce on H.B. No. 2280

The purpose of this bill was to extend the Board of Acupuncture, Chapter 436E, Hawaii Revised Statutes, to December 31, 1991. Chapter 436E is currently scheduled for repeal as of December 31, 1988.

Your Committee finds that there is a need for standards in advanced practice as well as initial standards in the practice of acupuncture which should include both academic courses and requirements for initial competency. Since the development and adoption of such standards will require study and time, your Committee has amended this bill by extending the Board until December 31, 1993, with the strict understanding that the Board shall, by July 1, 1991, develop and adopt academic standards for the practice of acupuncture which shall be reviewed by the Legislative Auditor. Failure to adopt such standards by July 1, 1991 shall result in automatic repeal of the Board.

It is the opinion of your Committee that the practice of acupuncture cannot be adequately regulated for the safety of the public without assurances that practitioners are appropriately educated and qualified to perform such esoteric services. A doctor of dentistry or chiropractic is a common degree and denotes a medical practitioner. A Ph.d. in dentistry or chiropractic is not a common degree and would not denote a person medically qualified to practice dentistry or chiropractic. It is the intent of your Committee to distinguish between those acupuncturists who are medically qualified to treat patients, and therefore entitled to be called doctors of acupuncture, and those whose training is strictly academic and should not be entitled to treat patients. Acupuncturists who are not medically trained should not be allowed to call themselves doctors of acupuncture but should be entitled to refer to themselves as Ph.d.'s of acupuncture, if they actually possess such an academic but non-medical degree recognized by a regionally accredited review body.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2280, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2280, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2557 Consumer Protection and Commerce on H.B. No. 2523

The purpose of this bill is to change registration of travel agencies and sales representatives to licensing under the Travel Agencies Law.

The bill establishes conditions for revocation or suspension of license and procedures for hearings on disciplinary actions. In addition, the bill does the following:

- (1) Provides that a sales representative does not include a salaried employee who does not receive a commission;
- (2) Amends usage of the Travel Agency Recovery Fund to allow recovery for persons aggrieved by an omission of material fact or where a licensee is a debtor under the Bankruptcy Code;
- (3) Requires advertisements for a travel agency and sales representative to include its license number;
- (4) Requires each travel agency and sales representative to disclose any restrictions, limitations, conditions, and fee assessments pertaining to a person's right to cancel, obtain a refund, change itinerary, or make a claim for lost tickets when the person purchases travel services; and
- (5) Requires disclosure of information relating to the sale of an airline award.

Your Committee received testimony both for and against this bill and finds that careful regulation of the travel agency business in Hawaii serves to protect the consumer and that this bill, in most instances, is in the public interest and will enhance the ability of the Department of Commerce and Consumer Affairs to regulate such business.

However, your Committee is concerned with the issue of "airline awards", which are incentives provided by airlines to consumers to fly on their airline, and has thus amended the bill by deleting that definition.

Your Committee has also amended the bill by amending the new section on revocation or suspension of license as follows:

- (1) In paragraph (4), provided that failing to make a refund in a timely manner to a person with whom the travel agency or sales representative has contracted for travel services within thirty days from the day (A) the refund is requested in writing, or (B) the travel agency or sales representative has recovered the amount to be refunded or

has obtained credits from the transportation carrier, travel service provider, or other source, whichever is later, is a basis for disciplinary action;

- (2) By deleting paragraph (5) of the bill as introduced;
- (3) By adding new paragraph (5), providing that failure to make a refund in a timely manner for documents, including tickets, for travel services which are not honored by transportation carriers, constitutes a basis for disciplinary action; and
- (4) By deleting paragraph (6) to be consistent with the deletion of the definition of "airline award."

Your Committee has also made nonsubstantive technical changes to correct typographical errors and conform the bill with recommended drafting style.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2523, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2523, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2558 Consumer Protection and Commerce on H.B. No. 3321

The purpose of this bill is to make various housekeeping changes to the Business Corporation Act, the Professional Corporation Act, the Nonprofit Corporation Act, and the chapters on Corporations Sole, Agricultural Associations, Consumer Cooperative Associations, Limited-Equity Housing Cooperatives, and Fish Marketing Associations.

On July 1, 1987, the Hawaii Corporation Act, the Hawaii Professional Corporation Act, and the Hawaii Nonprofit Corporation Act became effective. The implementation of these corporate acts requires the correction of numerous sections of the law for housekeeping purposes. These corrections are as follows:

- 1. Amends Chapter 415, Business Corporation Act, by changing the reference from "registered" to "principal" office; deletes references to section 415-55 for consistency; corrects a reference to section 415-88 to require a residence address; clarifies information in section 415-89 required when more than one class of shares votes; deletes reference in Section 415-96 to "member" of stock corporation; and clarifies in section 415-126 that annual reports are required to be filed every year.
- 2. Amends Chapter 415A, Professional Corporation Act, by deleting the reference in section 415A-14.8 to incorporators because the board of directors is responsible after incorporation.
- 3. Corrects Chapter 415B, Nonprofit Corporation Act, by reinserting language inadvertently deleted in previous revisions.
- 4. Amends Chapter 419, Corporations Sole, by changing references from "petition" and "charter" to "articles of incorporation"; amends the requirement in section 419-2 from providing "verified" information to providing "certified" information; and provides a reference to Chapter 415B also in section 419-2.
- 5. Amends Chapter 421, Agricultural Associations, by amending the definition of articles of "association" to articles of "incorporation"; amends the requirement of "signed and acknowledged" articles of incorporation to "certified and executed" articles of incorporation; and in section 421-4, deletes the reference to par value and limits of extension of authorized capital stock.
- 6. Amends Chapter 421C, Consumer Cooperative Associations, by amending the definition of "articles" to read "articles of incorporation"; amends references from "petition" to "articles of amendment"; and in section 421C-11.5 deletes the words "post office box address," "par value," and "limit of the extension of authorized capital stock."
- 7. Amends Chapter 421H, Limited-Equity Housing Cooperatives, by amending references from "charter" to "articles of incorporation".
- 8. Amends Chapter 422, Fish Marketing Associations, by amending the definition of "articles" to read "articles of incorporation"; and by requiring that the articles of incorporation be "certified and acknowledged".

Your Committee finds that the housekeeping corrections made by this bill are necessary to properly update the applicable laws.

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 H.B. No. 3321, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3321, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2559 (Majority) Consumer Protection and Commerce on H.B. No. 3308

The purpose of this bill was to allow the Real Estate Commission to revoke any license for failure on the part of the licensee to ascertain and disclose all material facts concerning every property for which the licensee accepts the agency.

The bill would also repeal Section 467-31, Hawaii Revised Statutes, which requires licensees to notify prospective buyers, lessees, and tenants that the property proposed to be bought or leased lies in a flood zone, noise exposure area, within the boundaries of an Air Installation Compatibility use Zone (AICUZ), or in a tsunami area.

Your Committee agrees that material facts should be disclosed in a real estate transaction, but disagrees with the proposed repeal of Section 467-31. Your Committee believes that this Section serves a viable purpose, and has therefore amended this bill by preserving Section 467-31 and deleting from it paragraph (3) relating to notification if the property is within the boundaries of an (AICUZ) of any Air Force, Army, Navy, or Marine Corps airport as officially designated by military authorities.

Your Committee has further amended this bill by clarifying that the fact that a person has AIDS, Aids Related Complex (ARC), or has been tested for Human Immunodeficiency (HIV) infection is not a material fact for the purposes of Section 467-14, because confidentiality laws would have to be violated to ascertain such a fact.

Your Committee, while dealing with the subject of real estate, finds that there is a compelling need to comprehensively review, analyze, and amend the statutes relating to Horizontal Property Regimes. Thousands of Hawaii's residents live in high-rise apartments, and the way in which such complexes are managed, and the bylaws and rules thereof, have profound influence on the quality of those person's lives. Therefore, your Committee has further amended this bill as follows:

- (1) Inserted the substance of S.B. No. 2015, S.D.1, which would allow pets in residential premises unless at least 75 percent of the owners in a horizontal property regime, cooperative housing project, limited-equity housing cooperative, or community housing association voted no, with the added stipulation that any owner who kept a pet in the premises prior to the effective date of the bill would be allowed to keep the animal, regardless of restrictions stated in the bill;
- (2) Inserted the substance of S.B. No. 2099, S.D. 1, which preserves the privacy of condominium owners and tenants but allows entry for emergency situations or with the consent of the occupant. The definition of "emergency situations" has been strengthened by specifying that they are situations which must be addressed and corrected immediately because the safety of the building or its inhabitants is in jeopardy, and includes situations such as fire, electrical malfunctions, hurricane damage, flooding from higher apartments, balcony structural design defects, etc.;
- (3) Inserted the substance of S.B. No. 2254 which provides that at least one member of the Real Estate Commission shall be an apartment owner as defined in Section 514A-3 who maintains a principal residence in a residential condominium apartment;
- (4) Inserted the substance of S.B. No. 2503, S.D.1, which allows any member of an association of apartment owners to offer opinions to the board of directors if authorized or requested by any board member;
- (5) Inserted the substance of S.B. No. 3143, S.D.1, which amends the law regarding proxies by (A) requiring proxies to be delivered to the board of directors of the association rather than the secretary; (B) providing that proxies may be given to the board as an entity and voted according to the desires of the board members after consultation with all board members; (C) requiring directors to post election notices listing members whose terms are expiring and requesting any owner-candidate for the position to mail a statement declaring such candidacy and qualifications therefor; (D) requiring the board to include with the proxies the names of all candidates accompanied by their statements; and (E) prohibiting board members (who use managing agent funds to solicit proxies) from casting any proxy for the election or reelection of board members at any meeting unless the proxy form specifically authorizes the member to vote for the election or reelection of directors, and the board first posts notice of its intent to solicit proxies. Your Committee has further added that whenever proxies are solicited only for the president or other board member using association funds, the proxy statement shall contain a disclosure of such fact, and if the proxies are solicited for the president or other officer, the statement shall contain the following statement in capital letters: "THIS PROXY, WHICH IS SOLICITED ONLY FOR THE PRESIDENT OR OTHER OFFICER OF THE BOARD OF DIRECTORS, ENTITLES THAT PERSON TO VOTE YOUR PROXY WITHOUT CONSULTING THE OTHER MEMBERS OF THE BOARD"; and
- (6) Inserted the substance of S.B. No. 3403, S.D.1, which provides that minutes of board meetings and the association's financial statements shall be mailed at no cost to any owner upon the owner's request.

Your Committee has also amended the bill by correcting numerous typographical errors in Sections 1 and 2.

Again, Your Committee wishes to stress the need to review, analyze, and amend the laws relating to Horizontal Property Regimes to ensure that the rights of owners, tenants, board members, resident managers, managing agents, contractors, subcontractors, architects, and all others involved with such projects, from inception to final occupancy, are preserved and ensured, and that the contents of declarations, bylaws, house rules, and other such documents and controlling instruments are in the best interests of all parties.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3308, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3308, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Matsuura.

Senators Blair and Tungpalan. did not concur.

SCRep. 2560 Consumer Protection and Commerce on H.B. No. 2519

The purpose of this bill is to extend the repeal date of the Board of Speech Pathologists and Audiologists in Chapter 468E, Hawaii Revised Statutes.

The bill would also do the following:

- (1) Delete the licensure requirement that a person be of good moral character;
- (2) Allow persons employed or under a contract to a county or state government agency to continue practicing as long as they remain continuously employed by a county or state government agency for that purpose; and
- (3) Make nonsubstantive technical and clarifying changes to Chapter 468E, Hawaii Revised Statutes.

Your Committee, after considering testimony presented by the Board of speech Pathology and Audiology and others, finds that the Board performs an important regulatory function and should be retained. This will insure that highest quality of speech pathology and audiology services will be available to consumers. However, your Committee finds that additional technical and clarifying changes to Chapter 468E are necessary, and has made the appropriate amendments in sections 3, 7, 8, 9, 10, 11, and 12 of the bill.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2519, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2519, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2561 Consumer Protection and Commerce on H.B. No. 3265

The purpose of this bill is to recognize intrapacific banking companies and allow such companies to establish, acquire or merge with Hawaii depository institutions.

The bill provides that this activity would be permissible only for intrapacific banking companies in a reciprocal region which allows the same or less restricted activity for Hawaii depository institutions. The intrapacific reciprocal region would consist of Guam, American Samoa, Federated State of Micronesia, Republic of Palau, Commonwealth of the Northern Marianas and the Republic of the Marshall Islands, so long as they remain U.S. dollar-based economies.

Your Committee finds that this bill will promote Hawaii's interest in the Pacific by creating an environment conducive to reciprocal banking business within the Pacific community of nations. Your committee received no testimony in opposition to this bill.

Your Committee has amended the bill as follows:

- (1) Amended the definition of "control" to include the meaning set forth under the provisions of Section 403-38.8(b)(2), Hawaii Revised Statutes;
- (2) Repealing Section 403-5 and 403-16, Hawaii Revised Statutes;
- (3) Providing that the applicant shall have the burden of requesting a hearing in accordance with the rules of the Commissioner;
- (4) Changed from twenty to twenty-five percent the amount of stock acquired by an individual that would require the approval of the Commissioner, to conform to the definition of control;
- (5) Changed the word "disapprove" to "approve" on page 10, line 20, to be consistent with the intent and purpose of subsection (c) of the new section on applications for approval which would be added to Chapter 403;
- (6) Added a savings clause to the enactment section providing that the repeal of any of the provisions of Chapter 403 shall not affect any licenses or charters which have been granted, any rights or duties that matured, and rules which have been adopted by the Commissioner, and proceedings that were begun, any penalties that were incurred, nor any privileges, immunities, or transactions that were effected prior to the effective date of this bill; and
- (7) Made nonsubstantive 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 H.B. No. 3265, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form as attached hereto as H.B. No. 3265, H.D.1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 2562 Consumer Protection and Commerce on H.B. No. 3602

The purpose of this bill was to establish civil and criminal penalties for violations of the Franchise Investment Law.

Under current law, the Attorney General may bring an action to restrain prohibited acts under Chapter 482E, Hawaii Revised Statutes. The prevailing party may recover costs of such actions and reasonable attorneys' fees. In addition, persons who violate an injunction issued under the Chapter are subject to a civil penalty of not more than \$25,000, while criminal violations are punishable by a fine not to exceed \$5,000 and imprisonment of not more than ten years, provided that such criminal punishment shall apply only to violations of statutes and not to rules or orders if the person can prove ignorance of the rule or order.

This bill would allow the Director of Commerce and Consumer Affairs to bring civil actions for violations of statutes, rules, or orders, punishable by fines up to \$100,000. In addition, criminal violations of statutes, rules, or orders in which the victim's loss is less than \$5,000 would be Class C felonies, and violations resulting in losses ranging from \$5,000 to \$100,000 would be Class B felonies. Violations resulting in losses in excess of \$100,000 would be Class A felonies.

The bill also provides for forfeiture of property seized in connection with a violation, establishes statutes of limitations, and allows the Director to issue cease and desist orders to enforce compliance with the law.

Your Committee received testimony from the Business Registration Division of the Department of Commerce and Consumer Affairs and finds that this bill is necessary to bring the franchise laws into alignment with the securities laws. According to the Department, franchise violations have been rapidly increasing, and whereas the Federal Trade Commission regulates franchises on a federal basis, they are not closely monitored because the Securities and Exchange Commission regulates the securities field, which is closely related to franchise investments. Consequently, states are required to assume the responsibility for protecting the public from criminals who have changed their focus from securities to franchises, which can be done, without proper monitoring and enforcement, as easily as changing a telephone number.

This bill will allow the Department to take an active position in franchise enforcement and protect unwary consumers before franchise abuses proliferate beyond the ability of the State to respond effectively.

Your Committee has amended this bill by providing that violations resulting in losses of more than \$5,000 shall be Class B felonies and eliminating the Class A felony. While your Committee agrees that franchise violations must be stopped and that the Department should be granted substantial enforcement powers, your Committee does not believe that any such violation should subject a person to a twenty year period of imprisonment. Prosecution of violations as a Class B felony should provide the deterrence capability the Department needs.

Your Committee has also amended the bill by making numerous nonsubstantive technical and language changes for the purposes of clarity and style.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3602, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3602, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 2563 Consumer Protection and Commerce on H.B. No. 412

The purpose of this bill is to delete from Section 452-14, Hawaii Revised Statutes, the requirement that applicants for licensure as massage therapists perform practical demonstrations.

Your Committee notes that Act 190, Session Laws of Hawaii 1987, amended this Section by repealing oral examinations (leaving only practical demonstrations and the written examination). However, the Board of Massage testified that the practical demonstration should also be deleted based on a Response to Act 190 which mandated the Board to provide the Legislature with a proposal on the standards of competency for the massage practical examination. Your Committee agrees.

Your Committee has amended this bill by making numerous nonsubstantive technical changes which have made the bill identical to S.B. No. 363, S.D. 1.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 412, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 412, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 2564 Consumer Protection and Commerce on H.B. No. 2961

The purpose of this bill is to amend Section 415-20, Hawaii Revised Statutes, to clarify the power of Hawaii corporations to adopt "shareholders' rights plans" to deal with corporate raiders.

According to testimony, over three hundred corporations have adopted shareholders' rights plans in recent years as defensive measures against hostile takeovers. Under a typical shareholders' rights plan, the board of directors declares a dividend of a "right" or option to purchase preferred stock to the holder of each share of common stock. The option does not become effective, however, until such time as one shareholder (a raider) amasses a critical percentage of the corporation's stock. At that time, the option to acquire the preferred stock is triggered.

The typical plan also provides that if the raider engages in self-dealing transactions, then each holder of the right is entitled to purchase shares of common stock at a bargain price. The key to a shareholders' rights plan, however, is that

the raider is denied the opportunity to exercise the option and to acquire the preferred shares or bargain price common shares.

The effect of a shareholders' rights plan is to induce the corporate raider to bargain with the board of directors of the corporation. These shareholders' rights plans are adopted to increase the flexibility and power of the board of directors to negotiate with the raider or to find a better deal for the shareholders.

According to the testimony, shareholders' rights plans are routinely challenged in court by raiders attempting a hostile takeover of a corporation. The courts reviewing such plans have required the directors to show that they had reasonable grounds for believing that a danger to corporate policy and effectiveness existed and that the plan was reasonable in relation to the threat posed. Therefore, directors do not have carte blanche authority to adopt abusive shareholders' rights plans.

The testimony indicated that the courts reviewing shareholders' rights plans under the laws of three states have ruled the plans invalid on technical statutory grounds without ruling on the merits of the plans. These cases have held that a law requiring that all shares of the same series of stock shall be identical (similar to Section 415-16, Hawaii Revised Statutes) and prohibit "discrimination" against the holder of a substantial block of shares. The testimony indicated that courts reviewing the laws of other states have rejected this narrow reading of the local statute and have reviewed shareholders' rights plans in light of the test of reasonableness described above.

This Legislature has already indicated its concern with hostile takeovers of Hawaii corporations. This bill merely clarifies that the board of directors of a Hawaii corporation may utilize its power to issue rights and options under Section 415-20, Hawaii Revised Statutes, to adopt a plan which would deny exercise of the rights to shareholders who amass a defined percentage block of stock. The bill enables the board of directors to exercise its business judgment in the face of a hostile takeover by eliminating any question as to its technical authority to adopt a shareholders' rights plan.

The Director of Commerce and Consumer Affairs testified that the Department had no objection to the bill.

Your Committee has made a nonsubstantive amendment to the bill by deleting the comma after the word include, on page 2, line 7, for the purpose of clarity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2961, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2961, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 2565 Consumer Protection and Commerce on H.B. No. 2788

The purpose of this bill is to streamline the filing requirements for articles of incorporation under Chapter 415, Hawaii Revised Statutes, the Hawaii Business Corporation Act.

Specifically, the bill would do the following:

- (1) Allow, rather than require, the articles to include information relating to the period of duration of the corporation, its purposes, classes of shares and rights of shareholders, and the amount of capital and paid surplus paid by each initial subscriber;
- (2) Allow a corporation to have only one individual fulfilling the roles of every officer position, except for those corporations which have two or more directors; and
- (3) Amend annual reports for domestic and foreign corporations to exclude use of post office or rural box numbers, statement of the character of the business, and report of the aggregate number of shares which a domestic corporation has authority to issue or has issued.

Your Committee finds that this bill would simplify the State's corporate law, delete unnecessary and outmoded requirements, and expedite the procedures of the badly backlogged Business Registration Division of the Department of Commerce and Consumer Affairs.

Upon the recommendation of the Department, your Committee has made the following amendments to this bill:

- (1) Clarified optional items in the articles of incorporation relating to the period of duration, if the corporation is less than perpetual; limitations, if any, upon the purpose for which the corporation is organized; that in the absence of provisions dividing shares into classes, all shares shall be common stock of the same class; that if provision is not made to issue stock in preferred or special classes or series, no class of shares may be issued in series and the board of directors shall have no such authority; and the preemptive rights of shareholders;
- (2) Provided that with respect to the articles of incorporation, the initial board of directors may certify and execute a document for delivery to the Director;
- (3) Deleted Section 5 of the bill which amended Section 415-125, Hawaii Revised Statutes; and
- (4) Made nonsubstantive technical changes for the purposes of clarity, style, and conformance with recommended drafting technique.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2788, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2788, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2566 Consumer Protection and Commerce on H.B. No. 2036

The purpose of this bill is to establish regulation of the motor vehicle rental industry in Hawaii.

Specifically, the bill provides that:

- (1) Lessors of rental motor vehicles shall inform the public about collision damage waiver options;
- (2) The daily charge for collision damage waivers is an additional daily charge;
- (3) Lessors must advise customers to determine whether their personal automobile insurance is sufficient to cover collision damage liability and to check the amount of their deductible under such insurance;
- (4) Lessors may not deliver or issue rental agreements containing collision damage waivers unless a specimen is furnished to the Director of Commerce and Consumer Affairs;
- (5) Rate disclosures made in advertising and oral or written commercials must also include information on collision damage waivers and daily charges therefore;
- (6) Lessors must provide information regarding Hawaii's seat belt and child passenger restraint laws and the penalties for driving while under the influence of intoxicating liquor;
- (7) Deposits or advance charges for damages to a vehicle while it is in the lessee's possession are prohibited;
- (8) Payments for damages shall be made only after the cost of the damage is agreed to by the lessor and the lessee or determined by law;
- (9) Refueling charges are restricted; and
- (10) Trade practices in the motor vehicle rental industry are prohibited if such would be an unfair trade practice pursuant to Chapter 480, Hawaii Revised Statutes.

Your Committee is aware of increasing complaints against the motor vehicle rental industry, especially in the areas of collision damage waivers and refueling charges, and finds that the motor vehicle rental industry warrants state regulation. Your Committee is especially concerned that consumers be advised that their personal automobile insurance may provide sufficient collision damage protection, and is enthusiastic about Section -10 of the new chapter which requires the lessor to furnish a pamphlet to the lessee regarding the full ramifications of collision damage waivers. As a whole, this bill should provide a significant measure of protection to the consuming public and is consistent the efforts of your Committee to provide regulatory powers and authority where warranted.

Your Committee has amended the bill to add provisos to the effective date of July 1, 1988 which delays enforcement of section -14 on fuel charges and section -19 on civil penalties to October 1, 1988 and delays enforcement of sections -4 to -13 and section -15 to January 1, 1989. The intent of the amendment is to give the Director of Commerce and Consumer Affairs full powers to begin establishing procedures to implement the new law on July 1, 1988, while affording motor vehicle rental companies time to adjust to the new requirements. By the time of full implementation of the law on January 1, 1989, all regulatory procedures should be established and the rental companies should be well aware of what is expected under the law.

The bill has been further amended to renumber all sections after section -7 of the proposed new Chapter because the bill, as received by your Committee had two section -7's. In addition, numerous nonsubstantive amendments have been made to correct typographical errors and to make technical changes for the purposes of style and clarity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2036, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2036, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2567 Consumer Protection and Commerce on H.B. No. 3277

The purpose of this bill is to amend the requirements set forth in Chapter 485, Hawaii Revised Statutes, regarding the qualifications for salesmen and dealers to sell variable annuities.

Variable annuities, while considered securities under Hawaii law and federal law, are primarily insurance products sold by insurance agents. However, under current law, variable annuities salesmen must be registered with the Securities Division of the Department of Commerce and Consumer Affairs even though they must also be registered with the Insurance Commissioner.

A negative consequence of this dual registration requirement is that mainland insurance companies contemplating doing business in Hawaii often choose not to do so because they would be required to establish offices and independent sales forces here. Since the sale of variable annuities are already regulated by federal agencies and subject to regulation by the State Insurance Commissioner as insurance products, this requirement has the effect of inhibiting business without providing any real or substantial protection to the consumer.

This bill would require salesmen and dealers to meet specific requirements but provides for state registration exclusively with the Insurance Commissioner, thus making insurance products more available to Hawaii residents without diminishing the ability of the State to regulate the salesmen and dealers who sell these products.

Your Committee has amended the bill by granting to issuers the same exemption granted to salesmen and dealers under Chapter 485. An issuer would have to be a life insurance company licensed to sell life insurance and annuities in the State, and the issuer and dealer must be parent, subsidiary, or related companies through common ownership.

In addition, your Committee has clarified that the exemption is limited to the sale of variable annuities and other variable insurance products and that the Insurance Commissioner shall retain authority to inspect records of any dealer.

Your Committee has also made numerous nonsubstantive technical amendments, including setting forth this statutory material as a new section in Chapter 485, for the purposes of style, clarity, and conformance with recommended drafting techniques.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3277, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3277, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2568 (Majority) Consumer Protection and Commerce on H.B. No. 2348

The purpose of this bill is to allow an applicant for licensure to the Board of Psychology an alternate method to satisfy the requirements for licensing in lieu of the requirements in Section 465-7(2), Hawaii Revised Statutes (HRS).

Currently, Section 465-7(2), HRS, requires the applicant to hold a doctoral degree from a training program approved by the American Psychological Association (APA), or hold a doctoral degree from a regionally accredited institution of higher education and also meet the experiential requirements for inclusion in the National Register of Health Service Providers in Psychology. This bill will allow an applicant to satisfy these requirements if:

- (1) The doctoral degree was conferred by a program which the applicant commenced prior to 1985 and the applicant filed an application with the Board of Psychology by December 31, 1987; and
- (2) The doctoral degree was conferred by a state approved training program.

Your Committee received testimony from the Board of Psychology against this bill. In 1985, a bill was enacted which removed any discretion of the Board to approve schools which were not regionally accredited. Since that time there have been a small number of applicants who have claimed that they did not qualify for licensure because the requirement for accreditation was changed mid-stream or after their education was completed. Act 285, Session Laws of Hawaii 1987 was enacted to address this problem for applicants who received their doctoral degrees in 1985 and filed applications in 1985. The Board is opposed to the bill because it would further open a "window" for applicants who do not meet present qualifications for licensure.

A large number of testimonies were received from private citizens as well as health care professionals in favor of the bill.

Your Committee received testimony from one doctor of psychology who, in fact, would qualify for licensure under this bill. This potential applicant received her degree from an institution approved by the California State Department of Education and whose graduates are automatically eligible to sit for the national exam for licensure of psychologists in California. While this potential applicant had completed her course work in 1985, her dissertation was not completed until 1987. This dissertation research won second place in an Outstanding Research Award given by the Biofeedback Society of California. This potential applicant had therefore essentially gone too far down the road in 1985 to switch to a regionally accredited institution. This potential applicant also testified that at the time she selected her doctoral program, there were no regionally accredited institutions offering the area of specialty she had selected.

Your Committee finds that it would be inequitable and not in the consumer's best interest to prevent licensure of psychologists, otherwise qualified, merely because they had chosen to attend an institution which was not regionally accredited prior to 1985.

Your Committee has amended the bill by specifying that the doctoral degree must be conferred by a California state-approved training program and clarifying the repeal provision in Section 3. Your Committee finds that this bill, as amended, is consistent with the intent of the Legislature to provide fair requirements for licensure, and it ensures that only qualified applicants are licensed.

Your Committee wishes to emphasize that for any future cases involving the application for licensure, it is intended that the Board of Psychology will base its decisions on the merits and proof of each individual case.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2348, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2348, H.D. 1, 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. 2569 (Joint) Consumer Protection and Commerce on H.B. No. 3324

The purpose of this bill is to amend the mortgage foreclosure statute to provide for notice of foreclosures on apartments in cooperative housing projects.

Section 667-5.5, Hawaii Revised Statutes, requires persons foreclosing against a condominium apartment to give notice of such foreclosure to the condominium's association of apartment owners. This bill places cooperative housing projects on equal footing with condominiums by requiring the person seeking foreclosure to notify the board of directors of the association of apartment owners, in the case of condominiums, or the board of directors of the cooperative housing project, in the case of cooperative housing corporations.

Your Committees received supporting testimony from the Real Estate Commission and the Hawaii Council of Associations of Apartment Owners and find that it is appropriate to grant cooperative apartment owners the same privileges as condominium apartment owners in terms of notices of foreclosure.

Your Committees have amended this bill by adding the word "project" after the word "housing" in lines five and eight in order to complete the phrase "cooperative housing project." Your Committees believe the omission of this word in the House Draft 1 was an inadvertent oversight and consider this change to be technical in nature. Your Committees do not intend that this amendment should be construed in any way that would alter the purpose or meaning of the language of this bill.

Your Committees on Consumer Protection and Commerce and Housing, Hawaiian Programs and Natural Resources are in accord with the intent and purpose of H.B. No. 3324, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3324, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees except Senators Matsuura and Young.

SCRep. 2570 Consumer Protection and Commerce on H.B. No. 3494

The purpose of this bill is to combine into a single chapter the existing statutory authority and responsibility of the Division of Measurement Standards in logical sequence and to transfer that authority and responsibility from the Director of Measurement Standards (the Chairperson of the Board of Agriculture), to the Board of Agriculture.

Your Committee received supporting testimony from the Chairperson of the Board of Agriculture and Mr. Wallace S. Amioka representing Shell Oil Company, Texaco, Inc., and Unocal Corporation, and finds that this bill is appropriate and will enhance the ability of the Division of Measurement Standards to more effectively carry out its duties and responsibilities under the law.

Your Committee has amended the bill by adding a new section to Chapter 486 entitled "Price posting by gallon required" which would require posting the price of gasoline by the gallon on each individual pump which displays the price per liter as the variator price setting (the price per unit in the lower window of the pump). Your Committee believes that motorists have a right to know how much they are paying for gasoline in terms which will best enable them to make use of such information. In this case, your Committee finds that most motorists in Hawaii are able to understand and get best use out of their gasoline dollar if they know the price per gallon.

The bill has been further amended to make nonsubstantive changes for the purposes 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. 3494, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3494, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2571 Consumer Protection and Commerce on H.B. No. 3601

The purpose of this bill is to correct references to the general corporation laws found in other chapters of the Hawaii Revised Statutes.

Chapters 419, 421, 421H, 422, 423, and 424, regarding the formation and existence of certain types of corporations, cooperatives, and associations, make reference to Chapter 416, "Corporations, Generally," which was repealed effective July 1, 1987. The Department of Commerce and Consumer Affairs (DCCA) testified that this housekeeping measure incorporates correct statutory references to repealed sections which have been recodified into Chapters 415 or 415B.

Your Committee, upon the recommendation of the DCCA, has amended the bill to make further technical corrections to Sections 4, 5, 6, and 8 of the bill as received.

Your Committee has also amended the bill by providing in Section 423-1 that fifty, rather than one-fourth of all licensed dentists and dental surgeons in the State, are necessary to form a dental service corporation.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3601, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3601, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2572 Consumer Protection and Commerce on H.B. No. 2352

The purpose of this bill is to ensure that motor vehicle repair dealers and employees who rebuild salvage vehicles are bonded in accordance with Section 437B-26, Hawaii Revised Statutes.

Currently, Section 286-48 allows rebuilt vehicles to be registered with a certificate of inspection signed by any motor vehicle repair dealer or licensed mechanic, but is silent with regard to bonding requirements. Section 437B-26, on the other hand, requires motor vehicle repair dealers who wish to engage in the business of rebuilding salvaged, wrecked, or dismantled vehicles, to submit to the Board a performance bond of not less than \$25,000 conditioned on the satisfactory rebuilding of salvaged, wrecked, or dismantled vehicles. Hence, dealers or mechanics who do such work pursuant to Section 286-48 could be construed to be doing so illegally if not bonded as required by Section 437B-26.

Your Committee has amended this bill by clarifying that the bonding requirement under Section 286-48 applies solely to registered or certified motor vehicle repair dealers, and not to mechanics.

Your Committee has also made technical, nonsubstantive amendments to the bill by correcting the left margin of line 8, page 2, to correspond to actual statutory text, and by adding the word "section" to modify 437B-26, on page 1, line 16.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2352, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2352, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2573 Consumer Protection and Commerce on H.B. No. 2345

The purpose of this bill is to regulate the rooming house business to prohibit those practices which are unfair, deceptive, or contrary to public policy.

The majority of the rooming house population in the State is composed of elderly or disabled persons of which many are public assistance recipients. Due to their physical or mental disabilities, coupled with low economic status, they are particularly susceptible to exploitation. This bill prohibits those practices within the rooming house business which are unfair, deceptive, or contrary to public policy, and provides for penalties to enforce the prohibitions.

Your Committee received testimony from the Department of Health, the Commission on the Handicapped, the Department of Human Services, and local neighborhood boards, and finds the bill prohibits those unfair and deceptive practices which lead to the exploitation of frail and vulnerable persons in rooming or group homes. Because of the need to strongly prohibit such unfair and deceptive practices, your Committee has amended the bill as follows:

- (1) By deleting language which would have exempted non-profit agencies from the scope of this bill;
- (2) By empowering the Department of Human Services to enforce the prohibitions and to refer violations to other appropriate state and county agencies;
- (3) By retaining the original required number of three unrelated persons within the definitions of "lodging or tenement house", "group home", "group residence", "group living arrangement", or "rooming house";
- (4) By including the right of senior citizens and frail elderly to keep personal pets if the project receives government aid;
- (5) By clarifying that any person injured by a violation has a private right of action and may bring a civil action to recover three times the person's actual damages or \$1,000 for each violation, whichever is greater; and
- (6) By empowering the State to enjoin rooming house businesses from continued operation if they violate these provisions.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2345, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2345, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2574 Consumer Protection and Commerce on H.B. No. 2499

The purpose of this bill is to amend Section 437-28, Hawaii Revised Statutes (the Motor Vehicle Industry Licensing Act), to require new vehicle dealers to inform customers in writing that warranty repairs for accessories not installed by the manufacturer may not be obtainable in geographic locations other than where the vehicle was purchased.

The bill also includes this material in Chapter 481B (Unfair and Deceptive Practices) and Chapter 487A (Language in Consumer Transactions).

Under existing industry standards, new car warranties must be honored no matter where the malfunction occurs and manufacturer installed accessories under warranty could be serviced at any authorized dealer. However, dealers are not obligated to honor warranties on accessories installed by other dealers. Therefore, if an automobile is purchased with dealer installed accessories and the owner moves to another geographic location, the owner may not be able to obtain service for the dealer installed accessories except by returning the automobile to the location where it was purchased. Your Committee believes that customers should be informed of such circumstances, and that this bill is appropriate for that purpose.

Your Committee, upon the recommendation of the Department of Commerce and Consumer Affairs, has amended the bill by clarifying the language of the proposed Section 437-28(a)(17)(D) and adding that the notice must conform to the plain language requirements of Section 487A-1, regardless of the dollar amount of the transaction. Your Committee has also amended the bill by deleting the amendments to Chapters 481B and 487A because your Committee finds that the purposes of this bill are satisfactorily accomplished by the amendment to Chapter 437 incorporating the reference to Chapter 487A.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2499, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2499, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2575 Consumer Protection and Commerce on H.B. No. 2522

The purpose of this bill is to require the mortgagee of real property or the record assignee of a mortgage interest to provide to the mortgagor a release of mortgage upon full satisfaction of the mortgage and discharge of any debt secured thereby.

The bill also requires the instrument to be duly acknowledged, and to sufficiently describe the mortgage which has been satisfied, and be recordable in the Bureau of Conveyances or office of the Assistant Registrar of the Land Court, or both, as appropriate. In addition, it allows for instituting of action by a plaintiff in any circuit court to obtain the release of mortgage.

The bill also requires the plaintiff to mail a copy of the complaint to the mortgagee or record assignees by certified or registered mail, and provides that if the mortgagee or record assignee does not file an answer to the complaint within forty-five days after such mailing, the court, upon receipt of an affidavit of mailing and upon satisfactory proof that the mortgage debt has been discharged and the mortgage has been fully satisfied, shall issue an order releasing the mortgage, and this order shall be recorded in the Bureau of Conveyances or Office of the Assistance Registrar, or both, as appropriate.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and the Hawaii League of Savings Institutions and finds that this bill does not present any serious regulatory issues and would provide consumers with a legal remedy against unresponsive financial institutions.

Your Committee amended the bill to correct two typographical errors and to spell out the number "60" on page 1, line 13 and the number "45" on page 2, line 11 of the bill as received.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2522, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2522, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator A. Kobayashi.

SCRep. 2576 Consumer Protection and Commerce on H.B. No. 3283

The purpose of this bill was to amend Section 487-13, Hawaii Revised Statutes ("Penalties for Unlicensed Acts"), to make the section apply to unlicensed acts under an expanded definition of "license" which would include registrations, certifications, permits, charters, franchises, or any other way by which boards and commissions, or the Department of Commerce and Consumer Affairs, (DCCA) regulates trades, occupations, professions, etc.

Your Committee received testimony on this bill from DCCA to the effect that this bill would merely codify the definition of "license" which has been employed for many years by the DCCA and the Attorney General, and which has existed in DCCA's Administrative rules for several years.

Your Committee also received testimony from John Goemans, an attorney in private practice in Hawaii, to the effect that enacting this measure would be granting virtually unlimited power to DCCA to go after, regulate, or file suit against virtually every kind of business activity or trade which is done in Hawaii.

After careful consideration of this issue, your Committee has determined that Section 487-13 was intended to refer to licenses, and not to the many lesser methods by which DCCA regulates or keeps track of business activities in the State. This bill, as received by your Committee, would have the effect of investing in DCCA virtually unlimited authority over all trades, businesses, and professions in the State which receive any kind of documented permission to do business.

Therefore, your Committee has amended this bill by deleting the expanded definition of "license" which would have been added to Section 487-13.

However, your Committee does find that DCCA should be allowed to bring action against all those unlawful acts which were contemplated by the legislature in enacting Section 487-13, and that the legislature intended to include registration and certification as forms of licensing. Therefore, your Committee has further amended the bill by including registrations and certificates under Section 487-13 and Section 26-9(g). Thus, DCCA would be entitled to use its regulatory functions and ability to protect the public consumer without increasing the Department's obligations to regulate every commercial activity which takes place in Hawaii.

Your Committee, in amending the bill in this fashion, is cognizant of the possible conflict between the title of this bill, which expressly mentions only licenses, and the granting of additional authority for DCCA to punish unlawful acts committed by persons who are unregistered or uncertified, without changing the definition of license. It is the intent of your Committee that any decisions regarding the propriety of the subject matter, in relation to the title of the bill, should be made by the Office of the Attorney General.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3283, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3283, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2577 Consumer Protection and Commerce on H.B. No. 3287

The purpose of this bill was to eliminate certain redundant definitions in Section 437B-1, Hawaii Revised Statutes, relating to regulation of motor vehicle repairs.

The bill adds a new definition for "certified mechanic" and deletes the definitions for "apprentice/trainee" and "registered-certified mechanic."

Your Committee finds that it is in the public interest to specifically require motor vehicle mechanic apprentice/trainees and motor vehicle mechanic helpers to be registered with the Motor Vehicle Repair Industry Board in the Department of Commerce and Consumer Affairs. Therefore, your Committee has amended the bill by deleting its substance, and inserting a new section setting forth this registration requirement.

The purpose of the amendment is to ensure that apprentice/trainees and helpers will be qualified to work in those occupations, and to provide for better accountability and workmanship, which should result in fewer complaints and problems for consumers.

The bill, as amended, also provides that the apprentice or helper must work under the direct supervision of a registered motor vehicle repair dealer or motor vehicle mechanic who shall be responsible for the work done by the apprentice or helper, and that the Motor Vehicle Repair Industry Board shall adopt rules establishing procedures and qualifications for registration of the apprentices and helpers.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3287, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3287, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2578 Consumer Protection and Commerce on H.B. No. 3261

The purpose of this bill is to allow a failed or failing state-chartered bank or industrial loan company whose investment or thrift certificates are insured by the FDIC, to be acquired by an out-of-state financial institution. The bill creates a new chapter and sets forth the procedures by which acquisitions could occur. Upon determining that a state-chartered financial institution, as defined in this bill, is in danger of failing, the Commissioner of Financial Institutions is empowered to take certain actions in order to protect depositors and the public.

The bill specifies certain factors which must be considered by the Commissioner in evaluating applications which are tendered for the failed or failing financial institution.

Your Committee received favorable testimony in support of this bill and finds that this bill will provide the Commissioner with an additional remedy in dealing with a troubled financial institution, and would increase the pool of bidders who would be able to provide assistance to regulators in the event the Commissioner must deal with a troubled financial institution.

Your Committee has amended this bill by changing the priorities and preferences given to bidders who are seeking to acquire a failing financial institution. The preference section has been modified to give first priority to state chartered banks, bank holding companies, and national banks whose principle place of business is in this State; second, to out-of-state banks or bank holding companies in Alaska, Arizona, Idaho, Nevada, Oregon, Utah or Washington; third to banks

and bank holding companies from other states; and fourth to in-state savings and loan associations and savings and loan holding companies. In-state savings and loan associations and savings and loan holding companies were previously granted second priority in the bill as received by your Committee. Your Committee amended the preference section because banks should be acquired by other banks before resorting to other financial institutions. This is the rationale and reasoning which is articulated in the federal law and in the event there was a failing savings and loan association, such associations would first be open to bids from other savings and loan associations before an in-state bank or other financial institution would be considered.

The disparity in the federal law was pointed out by the Commissioner of Financial Institutions and it is also your Committee's understanding that the Federal Deposit Insurance Corporation would prefer this priority in order to alleviate a number of regulatory concerns and issues.

Your Committee has also added new language to Section -10 to provide that if a national bank whose principle place of business is in Hawaii is in danger of failing, an acquisition as set forth in this bill would also be allowed. This is a preference which has been expressed by the Federal Deposit Insurance Corporation to our Commissioner of Financial Institutions.

The bill has been further amended to make numerous nonsubstantive changes for the purposes of style and clarity.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3261, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3261, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2579 (Joint) Consumer Protection and Commerce on H.B. No. 2783

The purpose of this bill was to amend the accident and sickness insurance provisions by requiring persons offering policies or contracts for sickness or other health care services to file every manual of classifications, rules and rates, every rating plan, and every modification with the Insurance Commissioner.

The Insurance Commissioner would be required to review the filings, and the premium rates would not be permitted to be excessive, inadequate, or unfairly discriminatory.

Your Committees received supporting testimony from the Department of Commerce and Consumer Affairs and ILWU Local 142 and find that the kind of information required in this bill would afford the Insurance Division an opportunity to collect and examine information regarding health insurance rates, and will assist legislators in determining whether there is a need to regulate health insurance rates. Currently, health rate making is strictly a matter for discussion between the insurer and the insured, with the unspoken assumption that free market competition will ensure a fair rate. There is no regulation of health plan rate making, and there is no review by the Insurance Commissioner.

However, your Committees do not consider it appropriate to enter into the arena of regulation via this measure, and have therefore amended subsections (a) and (e) of the proposed new additions to the Insurance Code by providing that carriers must make their rates public, and by giving the Insurance Commissioner the latitude to use the information provided in this bill or not, rather than mandate that such information be used as soon as reasonably possible to determine whether the rates are excessive, inadequate, or unfairly discriminatory.

Your Committees have also amended this bill by changing the effective date to July 1, 1989 and by making technical changes for the purposes of clarity and conformance with recommended drafting style.

Your Committees on Consumer Protection and Commerce and Health are in accord with the intent and purpose of H.B. No. 2783, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2783, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 2580 Government Operations on H.B. No. 2002

The purpose of this bill is to repeal both the current law on public access to government records (Part V of Chapter 92, Hawaii Revised Statutes (HRS)) and the current chapter limiting access in the interest of privacy, limiting inter-agency record sharing and providing for the correction of inaccurate entries (Chapter 92E, HRS). In their place, the bill proposes a detailed and comprehensive chapter, based on the Uniform Information Practices Code of the National Conference of Commissioners on Uniform State Laws.

Your Committee acknowledges the efforts of Chairman Wayne Metcalf and the members of the Judiciary Committee of the House of Representatives in translating the Report of the Governor's Committee on Public Health Records and Privacy into legislation. They undertook an arduous task and produced a reasonable synthesis of conflicting interests.

The House of Representatives has, in effect, wiped the slate clean and adopted a new law. Your Committee proposes a less drastic alternative, premised on the belief that most of the current law is salvageable.

The only substantial problem with the current law flows from the attempt to combine three objectives in Chapter 92E: appropriately limit public access in the interest of individual privacy (92E-4); allow an individual access to the individual's own records and to correct erroneous entries; and limit inter-agency record sharing (92E-5). More

specifically, the problem is the reliance on a single definition of "personal records" for three different objectives. In order to broadly allow an individual access to records about the individual, the definition too broadly limits public access.

To resolve this problem, your Committee has repealed both 92E-4 and 92E-5, leaving a chapter devoted singularly to an individual's right to access and correct records which pertain to the individual. The title of Chapter 92E has been amended to reflect the narrower scope.

The provisions deleted from Chapter 92E have been replaced by new provisions in Part V of Chapter 92, which then serves as the law balancing the public interest in access to government records with the individual's privacy interest.

The effect of your Committee's approach is to dramatically shorten the bill, from forty-seven pages to seven pages. It is your Committee's belief that this draft focuses the discussion and highlights the public policy issue.

The Senate Draft

1. A new Section 92-50 has been added at the beginning of Part V, articulating the State policy on access to public records. To a substantial degree, it echoes the sentiments of Section 92-1. However, it applies specifically to Part V and sets the tone for the resolution of the sometimes conflicting interests of public access and individual privacy.

2. The former Section 92-50 is replaced by a new Section 92-51, which is expanded by the inclusion of a definition of "Agency." It should be noted that the new definition of "Agency" is broader than the definition of "Agency" in Chapter 92E. As under current law, the Legislature and Judiciary are also included.

The new definition of "public record" is expanded beyond the definition in the former Section 92-50, in three respects:

(a) Modern data storage technologies are specifically included and the definition is broad enough to encompass new information storage technologies;

(b) The exclusion of "records which invade the right of privacy of an individual" has been deleted from the definition. Such records will only be closed if there is a "clearly unwarranted" invasion of privacy, as provided in Section 92-53.

Your Committee is aware that the right of privacy in Section 92-53 is narrower than the right of privacy deleted from the definition. Section 92-53 is modeled on the Freedom of Information Act, which the Attorney General of Hawaii characterized as less broad than Section 92-50, in a letter dated August 11, 1980 to Representative Russell Blair. It is an open question whether Hawaii's constitutional right to privacy is broader than the provisions of Section 92-53, in some respects, and may compel the State to close additional records, in the interest of privacy. It is your Committee's hope that the compelling state interest in open and accessible government will prevail and the balancing of interests under Section 92-53 will not be disturbed on constitutional grounds; and

(c) The words "by law" have been deleted. By this deletion, your Committee specifically rejects the application of the "legal requirement" test in *Town Crier, Inc. v. Chief of Police of Weston*, 361 Mass. 682, 282 N.E. 2d 379 (1972) and *Dunn v. Board of Assessors of Sterling*, 1972 Mass. A.S. 901, 282 N.E.2d 385 (1972), (cited in the May 6, 1976 Attorney General's memorandum to former Governor George Ariyoshi) to qualify entries that were made. Nor should a "legal requirement" test be applied to records which are "received" for filing.

3. The former Section 92-51 is renumbered as Section 92-52 and expanded to explicitly include the right to duplicate public records. The bulk of the former Section 92-51 is covered by Section 92-53, allowing this new section to clearly focus on the general rules of disclosure.

4. A new Section 92-53 is added to create four categorical exceptions to the general rule. Rather than list specific records in the statute, at the risk of being over- or under-inclusive, your Committee prefers to categorize and rely on the developing common law. The common law is ideally suited to the task of balancing competing interest in the grey areas and unanticipated cases, under the guidance of the legislative policy. To assist the Judiciary in understanding the legislative intent, the following examples are provided.

(a) Privacy interest. The following are examples of information in which an individual has a significant privacy interest. However, any public interest in disclosure must be given due consideration. The case law under the Freedom of Information Act should be consulted for additional guidance.

- (1) Information relating to medical, psychiatric, or psychological history, diagnosis, condition, treatment, or evaluation, other than directory information while an individual is present at a facility;
- (2) Information compiled and identifiable as part of an investigation into a possible violation of criminal law, except to the extent that disclosure is necessary to prosecute the violation or to continue the investigation;
- (3) Information relating to eligibility for social services or welfare benefits or to the determination of benefit levels;
- (4) Information in an agency's personnel file, or on applications, nominations, recommendations, or proposals for public employment or appointment to a governmental position; except information relating to the status of any formal charges against the employee and disciplinary action taken, information concerning compensation, title, job description, education and training background, previous work experience, dates of employment and similar routine matters;
- (5) Information relating to an individual's nongovernmental employment history, except as necessary to demonstrate compliance with requirements for a particular government position;

- (6) Information describing an individual's finances, income, assets, liabilities, net worth, bank balances, financial history or activities, or credit worthiness;
 - (7) Information compiled as part of an inquiry into an individual's fitness to be granted or to retain a license, except: records of any proceeding resulting in revocation or suspension of a license and the grounds for revocation or suspension; information on the current employment and required insurance coverages of licensees; and the record of any complaints including all dispositions; and
 - (8) Information comprising a personal recommendation or evaluation.
- (b) Frustration of legitimate government function. The following are examples of records which need not be disclosed, if disclosure would frustrate a legitimate government function.
- (1) Records or information compiled for law enforcement purposes;
 - (2) Materials used to administer an examination which, if disclosed, would compromise the validity, fairness or objectivity of the examination;
 - (3) Information which, if disclosed, would raise the cost of government procurements or give a manifestly unfair advantage to any person proposing to enter into a contract or agreement with an agency, including information pertaining to collective bargaining;
 - (4) Information identifying or pertaining to real property under consideration for future public acquisition, unless otherwise available under State law;
 - (5) Administrative or technical information, including software, operating protocols and employee manuals, which, if disclosed, would jeopardize the security of a record-keeping system;
 - (6) Proprietary information, such as research methods, records and data, computer programs and software and other types of information manufactured or marketed by persons under exclusive legal right, owned by an agency or entrusted to it;
 - (7) Trade secrets or confidential commercial and financial information;
 - (8) Library, archival, or museum material contributed by private persons to the extent of any lawful limitation imposed by the contributor; and
 - (9) Information that is expressly made nondisclosable or confidential under Federal or State law or protected by judicial rule.

5. A new Section 92-54 is added to provide rulemaking authority. The Attorney General is charged with responsibility for drafting a model set of rules, which will be adopted by each agency with such amendments as may be required by the unique nature of the agency's records or mission. For example, the Archives division of the Department of Accounting and General Services may need special rules limiting access and duplication of records of historical value.

6. The former Section 92-52 is renumbered 92-55. The only substantive change is the addition of a provision which awards attorney's fees to prevailing plaintiffs.

In concluding, your Committee would be remiss if it did not acknowledge its debt to the Governor's Committee on Public Records and Privacy. Without the Herculean efforts of Chairman Robert A. Alm and members Duanne Brenneman, Andrew Chang, Dave Dezzani, Ian Lind, Jim McCoy, Stirling Morita, Justice Frank Padgett and Warren Price III, it is doubtful that we would have been able to develop the Senate Draft which is attached.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 2002, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2002, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2581 Government Operations on H.B. No. 2346

The purpose of this bill is to ensure that habitable buildings are not prevented from obtaining licenses on the basis of conflicting or incorrect interpretations of recent amendments to the laws regulating such licenses.

The bill provides that any hotel, boardinghouse, lodging and tenement house having a license to operate prior to May 13, 1986 shall not be subject to the requirements of Section 445-94, Hawaii Revised Statutes (HRS), (certificates for licensing based on health and sanitation examinations and clearance from the county zoning authority ensuring compliance with county codes) if such requirements are more stringent than those in effect for the building prior to May 13, 1986.

Your Committee believes that the proposed language of the bill could be construed to exempt operations which predate May 13, 1986 from all of the requirements of Section 445-94, HRS. In effect, the Department of Health would not even have authority to examine the buildings to assure good sanitary condition.

Your Committee understands that the problem sought to be resolved by this bill is the perception, based upon a former deputy attorney general's oral opinion, that the Department of Health must resolve certain issues raised in attempting to categorize structures as boardinghouses, hotels, lodging houses, tenement houses, group houses or otherwise. This inference probably arose from the words "to be used for such purpose." Your Committee has, therefore, deleted that phrase, and ancillary language, from two places in Section 445-94(a), HRS. Similar terminology in Section 445-94(b), HRS, has not been deleted, as this refers to county level review and is appropriate in that context.

As amended, this bill will allow the Department of Health to issue certificates exclusively on the basis of good sanitary conditions. The Department of Health can use a single form of a certificate for all types of licensed premises and need not categorize them.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 2346, 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. 2346, H.D. 2, S.D. 2.

Signed by all members of the Committee.

SCRep. 2582 Transportation on H.B. No. 2220

The purpose of this bill is to clarify the law regarding motor vehicle registration.

Under Section 286-54, Hawaii Revised Statutes (HRS), a nonresident owner of a motor vehicle registered in another state or country who applies to the Director of Finance for the registration of the vehicle in this State, shall be issued a vehicle permit to operate the vehicle in this State until the expiration of the out-of-state plates. However, Section 249-3, HRS, allows any person (resident or nonresident) to obtain an out-of-state permit.

Your Committee had a hearing on the companion bill, S.B. No. 2128, and finds that this bill clarifies that the vehicle permits issued by the various counties for a motor vehicle registered in another state or country are out-of-state vehicle permits irrespective of residency of the owner.

Your Committee has amended the bill by repealing Section 286-54, HRS. Your Committee believes that out-of-state and out-of-country vehicles should go through the same registration process as in-state vehicles.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 2220, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2220, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2583 Transportation on H.B. No. 3481

The purpose of this bill is to clarify the status of trails under the Board of Land and Natural Resources.

This bill removes public trails from the definition of public highways, clarifies that trails established by the Highways Act of 1892 or thereafter will be vested as a public right-of-way, clarifies that public trails are under state jurisdiction unless created by or dedicated to a particular county, clarifies jurisdiction of trails under the Board of Land and Natural Resources, and specifies how state trails may be discontinued.

Your Committee had a hearing on the companion bill, S.B. No. 3229, at which time the Department of Land and Natural Resources (DLNR) testified that recent judicial decisions such as Santos v. Pereira, 2 Haw. App. 387 (1981), have confused both the status of trails and dedication requirements. The current statute fails to address public trails and by implication makes them county highways, contrary to prior law and to historical treatment. The current statute also fails to distinguish trails under the DLNR from vehicular highways under the Department of Transportation. The proposed legislation remedies these problems.

Your Committee has amended the bill by deleting the provision that trails established by the Highways Act of 1892 or thereafter will be vested as a public right-of-way, by clarifying that State trails shall continue until vacated, abandoned, or discontinued pursuant to Chapter 171, HRS, and by making technical nonsubstantive amendments for purposes of style.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 3481, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3481, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2584 Transportation on H.B. No. 3536

The purpose of this bill is to give the Department of Transportation (DOT) the statutory authority to regulate the anchoring or mooring of houseboats and vessels.

Currently there is no law which governs the offshore mooring of vessels and houseboats on or within ocean waters and navigable streams outside state harbors. This bill:

- 1) Authorizes the DOT to regulate the anchoring, mooring, or other placement of houseboats and vessels within the ocean waters and navigable streams of the State outside state harbors;

- 2) Clarifies that the anchoring, mooring, or placement of houseboats within State waters shall be regulated by permit;
- 3) Excludes pleasure craft or fishing vessels temporarily anchored for a period of less than seventy-two hours from the provisions of the bill;
- 4) Mandates that the anchoring, mooring, or placement of other contrivances shall also be regulated by permit;
- 5) Defines contrivance; and
- 6) Authorizes the DOT to charge fees to generate additional revenues to support the additional management and control of these offshore moorings.

Your Committee had a hearing on the companion bill, S.B. No. 2840, and finds that this bill will provide the department with the statutory authority necessary to remove derelict vessels and houseboats from the waters of the State.

Your Committee, upon consideration, has amended the bill by deleting the provision regulating the anchoring, mooring, or placement of houseboats within State waters by permit; deleting the provision which excludes pleasure craft or fishing vessels temporarily anchored for a period of less than seventy-two hours; and deleting the definition and references to contrivances.

Your Committee, upon further consideration, finds that there is also a need to review the enforcement laws relating to commercial water activities. The number of accidents involving commercial water activities and recreational activities which have occurred in recent years and the confusion as to which State department is responsible to regulate commercial water activities indicates a need for some action in this area.

Your Committee finds that enforcement of commercial water activities would ensure a safer atmosphere for both commercial and recreational use. Your Committee has therefore amended the bill further by amending Section 266-3(c) to clarify the DOT's jurisdiction to regulate offshore commercial activities.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 3536, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3536, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2585 Consumer Protection and Commerce on H.B. No. 3286

The purpose of this bill is to clarify and strengthen several of the provisions relating to the licensing of psychologists.

Specifically, the bill does the following:

- (1) Clarifies the definition of psychologist under the licensing provisions;
- (2) Clarifies the exemption from licensure for persons who provide services under the direction of a licensed psychologist, and allows such persons to use the title "psychological assistant." Clarifies the exemption granted to persons employed by government agencies in school psychologist or psychological examiner positions, or positions that do not involve diagnostic or treatment services;
- (3) Includes in the category of industrial or organizational psychologist persons who provide psychological services or consultation to organizations but are not involved in direct delivery or supervision of direct psychological services;
- (4) Allows psychologists to provide expert testimony;
- (5) Requires clinical civil service psychologists who provide diagnostic or treatment services to be licensed, and allows such persons employed in their positions prior to January 1, 1988 to be eligible for licensure provided they meet licensing requirements, hold or have held the non-emergency position for two years, and obtain licensure before June 30, 1990;
- (6) Provides that psychologists employed in civil service clinical positions after January 1, 1988 shall be licensed provided they meet licensing requirements and obtain licensure within two years from the date of their employment; and
- (7) Requires that civil service clinical psychologists cease and desist the practice of psychology until a license is obtained after the grace periods provided in paragraphs (5) and (6) above have elapsed.

Your Committee received supporting testimony from the Board of Psychology and the Hawaii Psychological Association and finds that this bill satisfactorily addresses Hawaii's current need for qualified psychologists and will help to ensure that the public continues to receive quality psychological services.

Your Committee has amended the bill by making several nonsubstantive technical changes to conform the bill to recommended drafting style, and by changing the reference to Section 456-7 on page 5, line 16, to Section 465-7, to reflect the correct statutory citation.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3286, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3286, 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 and Nakasato.

SCRep. 2586 Consumer Protection and Commerce on H.B. No. 3323

The purpose of this bill was to extend Chapter 468K, Hawaii Revised Statutes, (Travel Agencies) until December 31, 1990 to provide a clearer indication of the role of the Travel Agency Recovery Fund in protecting consumers.

Your Committee finds that Chapter 468K was inadvertently left in the schedule of laws set for sunset review and repeal after a new law regulating travel agencies was enacted. Compared to the predecessor law, the new law has deregulated travel agencies to a substantial degree, and your Committee finds that there is no compelling reason to continue mandatory periodic review of Chapter 468K, even for one more year. Therefore, your Committee has amended this bill by deleting its substance and inserting the substance of S.B. No. 2003 which deletes Chapter 468K from the sunset schedule as set forth in Section 26H-4.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3323, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3323, 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, Matsuura and Nakasato.

SCRep. 2587 Consumer Protection and Commerce on H.B. No. 3301

The purpose of this bill is to reenact amendments made to the insurance laws pursuant to Act 347, Session Laws of Hawaii 1987, to ensure that those amendments are not repealed by virtue of the effective date of Act 347. This bill is basically housekeeping in nature.

Your Committee received testimony in favor of this bill and finds that it was the intent of the Legislature in 1987 that the Acts set forth in this bill should survive the repeal of chapters 294, 431, 431A, 431D, 431F, 431H, 431J, 432, 433, 434, and 435 effective July 1, 1988.

Your Committee further finds that this bill and Act 97, Session Laws of Hawaii 1987, do not operate to create a private cause of action or to impair any common law remedies, and has amended Section 1 of the bill, the purpose section, to so indicate. Your Committee wishes to stress that this bill and Act 97 do not in any way impair causes of action based on bad faith.

The bill has been further amended to make 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. 3301, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3301, 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, Matsuura and Nakasato.

SCRep. 2588 Consumer Protection and Commerce on H.B. No. 3297

The purpose of this bill was to provide that a sole proprietor, partnership, corporation, or other business entity operating a condominium hotel, who is not a custodian or caretaker, must register on a biennial basis as a condominium operator.

Any operator failing to register with the Real Estate Commission within three months of the effective date of the bill would be subject to a fine not exceeding \$25 multiplied by the aggregate number of units being utilized as the condominium hotel. The Real Estate Commission would be authorized to assess a registration fee, but operators who are also owners of their units are exempted from the present bonding requirements, except for units which are managed but not owned. The bond would be used to protect apartment owners against fraudulent or dishonest acts by the operator in handling the apartment owners fund.

The bill would also suspend until June 30, 1989, the requirement that the condominium operator be licensed as a real estate broker.

Your Committee has amended this bill by restoring all bonding requirements, deleting the moratorium on required licensing of condominium operators, and adding the substance of S.B. No. 3142, S.D. 1, which provides that an association of apartment owners may not apply current payments for common expenses to past debts. Your Committee has added that the association may sue or arbitrate to recover prior debts.

Your Committee has further amended the bill by adding the substance of S.B. No. 3145, S.D. 1, which provides that the percentage of common interest needed to change the use or lease of a common element in a horizontal property regime shall be sixty-five percent rather than the current seventy-five percent, and that all of the directly affected owners must be considered in determining the sixty-five percent.

Your Committee wishes to point out that there is a real need for a comprehensive review of the horizontal property regime laws. Thousands of Hawaii's residents live in high-rises, and the laws that govern such complexes should be

responsive to the needs of owners, tenants, developers, and all parties concerned. It is the opinion of your Committee that the current statutes warrant close scrutiny as soon as possible.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3297, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3297, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Matsuura.

SCRep. 2589 Consumer Protection and Commerce on H.B. No. 2168

The purpose of this bill was to establish a new chapter in the Hawaii Revised Statutes providing for first right of refusal for condominium and cooperative apartment owners when the fee interest in the land under their projects is offered for sale.

The bill provides that the seller shall first notify the owners of the apartments of the intent to sell. It also provides provisions for offerings to others and remedies for violations of the chapter.

Your Committee heard the companion bill, S.B. No. 3146, and finds that this bill will protect the rights of both lessors and lessees and would discourage and deter speculators who would buy the leased fee interest in a large number of units at a low price for resale to the lessees at a profit.

Your Committee has amended the bill by:

- 1) Providing that the seller shall first notify the board of directors of the association when the land becomes available for sale at fee, and the board shall then notify the apartment owners;
- 2) Providing that if an offer is not accepted within one hundred twenty days after the fee owner's intent to sell has been registered with the board of directors of the association to the association, the offer shall be deemed to be rejected;
- 3) Providing that if the offer to purchase the fee interest or any part thereof is rejected, any sale by the fee owner to any third party buyer shall be on the same terms as offered to the condominium or cooperative housing project owner or owners;
- 4) Deleting the section pertaining to free assignability of the lease.

Your Committee, upon further consideration of the bill, has made additional amendments to empower condominium associations and shareholders of cooperative housing corporations to acquire the leased fee interest of the real property upon which the project is situated, provided that at least sixty-five percent of apartment owners or shareholders of cooperative housing corporations agree to the purchase. If the owner is also a lessee, the owner shall be disregarded in the computation to achieve the sixty-five percent requirement. No apartment owner or shareholder of cooperative housing corporation will be compelled to purchase the leased fee interest of the property, but may instead pay lease fee rent to the association.

Finally, your Committee has amended the bill to authorize counties to regulate transient vacation rentals (TVAs), by adding county zoning provisions authorizing the counties to regulate TVA's and including provisions for public hearings prior to deciding on TVA permits in residential areas, conforming and non-conforming uses, burdens of proof, applications for non-conforming use and a definition of transient vacation rentals. Your Committee also added language to Section 46-4(a), stating that in residential and agriculture zoned areas, a zoning ordinance may provide for amortization of non-conforming TVA's over a reasonable period of time.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2168, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2168, 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, Matsuura and Ikeda.

SCRep. 2590 Consumer Protection and Commerce on H.B. No. 3613

The purpose of this bill is to allow corporations to provide affirmatively in the articles of incorporation that directors may be removed only for cause and to provide that in the case of a corporation whose board of directors is classified (directors with staggered terms), pursuant to bylaws adopted before July 1, 1987, directors may be removed only with cause unless the articles of incorporation affirmatively state otherwise.

Testimony indicated that Section 415-39, Hawaii Revised Statutes, which became effective on July 1, 1987 as part of the Hawaii Business Corporations Act, now provides that shareholders may remove a director with or without cause. The statute does not expressly permit the articles of incorporation to provide that directors may be removed only for cause. Further testimony indicated that Section 415-39, in its present form, effectively negates bylaws adopted before July 1, 1987 which authorize staggered terms of directors.

This bill continues the general rule under present law that directors may be removed with or without cause but enables Hawaii corporations to elect to allow removal of directors only for cause by affirmatively providing for removal only for cause in the articles of incorporation. Further, in the case of corporations which had classified boards of directors prior to the July 1, 1987 effective date of the new corporation laws, directors may be removed only for cause unless the articles of incorporation affirmatively provide otherwise.

Your Committee has 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 H.B. No. 3613, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3613, 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, Matsuura and Ikeda.

SCRep. 2591 Corrections on H.B. No. 3581

The purpose of this bill is to replace references to "social services and housing" with references to "corrections".

This bill amends Chapter 354, Hawaii Revised Statutes, to replace all references to the "department of social services" with references to the "department of corrections" and all references to the "director of social services" with references to the "director of corrections". This is a housekeeping measure to reflect the current role and authority of the Department of Corrections.

Your Committee held a special hearing on staff morale problems within our correctional system. This hearing was attended by an overflow audience of correctional officers and employees who testified about the existence of major morale and personnel problems within the Department of Corrections. These testimonies indicated that one of the causes of poor morale is a lack of confidence among correctional personnel in the leadership abilities of certain correctional administrators who have served long tenures within corrections.

Mr. Harold Falk, Director of the Department, also testified that he agreed with the majority of the concerns expressed by the testifiers and he indicated that there may be a need to bring new and better administrators into corrections. However, Mr. Falk shared his views that our State's Civil Service Laws create impediments to the Department's ability to bring fresh, new leadership into corrections and that he would be strongly supportive of changes to existing law which would afford the Department greater flexibility to hire and replace individuals in key administrative positions.

As a result of these immediate concerns, your Committee has amended this bill to empower the Director to have more flexibility in the appointment of certain departmental officers and employees. "Appointment" includes the employment, appointment, promotion, transfer, demotion, and discharge of departmental officers and employees. The bill as amended removes certain administrative positions within the Department of Corrections from the requirements of Chapter 76 and 77 and makes them exempt positions.

Your Committee has also amended this bill to guarantee that any officers or employees who are displaced will continue to be employed within the State at the same classification and pay levels. Also, those incumbents who transfer to exempt status are guaranteed not to lose accumulated Civil Service benefits.

The Director is in full support of the changes in this bill which the Committee hopes will improve staff morale in the long-term. If decisive and innovative leadership within corrections is not provided, and if the State does not allow the Director of Corrections the flexibility necessary to address and improve morale within the Department, the long-term success of the newly created Department may be seriously undermined.

Your Committee on Corrections is in accord with the intent and purpose of H.B. No. 3581, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3581, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2592 Health on H.B. No. 2048

The purpose of this bill is to extend the protection against exposure to secondhand smoke, which is already enjoyed by many persons working in government offices, to persons who work in private corporations, firms, or associations which receive state funds under Chapter 42, Hawaii Revised Statutes.

Your Committee finds that smoking should be discouraged and has consistently advocated this position in its previous legislation. However, your Committee is hesitant to extend government regulation of smoking in the workplace to the private sector, regardless of whether or not the business or organization is partly funded by the State.

Therefore, your Committee has amended this bill by deleting Sections 1 and 2 and adding new definitions of "dining area," "incidental," and "meals," to Section 328K-1, Hawaii Revised Statutes. These definitions should serve to clarify the legislative intent behind the definition of "bar", as provided in this bill and the application of that term in regard to smoking in public places.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2048, H.D. 2, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2048, H.D. 2, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2593 Health on H.B. No. 2201

The purpose of this bill is to allow the Department of Health to adopt rules for the public health and safety respecting genetically modified organisms.

The bill would also require an applicant to a federal agency for a permit or approval for any bioproduct, field testing of genetically modified organisms, or environmental impact assessment of genetically modified organisms, to submit one copy of such application to the Department of Health at the same time that the application is submitted to the federal agency.

Your Committee received substantial testimony on this bill and the issue of genetic engineering and testing, and finds that it is appropriate that the State be notified of any federal application to carry on such activities in Hawaii. However, your Committee is hesitant to request the Department of Health to undertake the adoption of rules and regulation of such activities because there are no funds allocated in the executive budget for such purposes, the Department currently lacks personnel qualified to deal effectively with this subject, no specific definition of genetically modified organisms was presented, and no direction or parameters were provided for rule-making. Therefore, your Committee has amended the bill by deleting Section 3 which would grant the Department the authority to adopt rules relating to genetically modified organisms.

It is the intent of your Committee to introduce a Resolution which will request more information on the subject as preparation for future legislation, if such is deemed appropriate and necessary.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2201, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2201, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2594 Health on H.B. No. 1038

The purpose of this bill is to provide that the penalty for violation of Section 325-2, Hawaii Revised Statutes, shall be a fine of not more than \$1,000 to be assessed by the Director of Health.

Section 325-2 requires physicians and chiropractors to give the Department of Health written notice of patients infected with infectious or communicable diseases and of deaths of patients from such diseases, and the penalty for violation is a misdemeanor with possibility of an administrative fine not to exceed \$1000. This bill removes the criminal penalty.

The Director of Health testified that invoking the misdemeanor penalty, a criminal penalty, is the approach of last resort, and that a straight fine is more appropriate for punishing violations of Department rules. Your Committee agrees, and finds that deleting the criminal sanction will not jeopardize the ability of the Department to continue to protect the public health.

Your Committee has amended this bill by providing the Director with the discretion to impose the penalty, rather than making the penalty mandatory, and by extending the same authority and providing the same penalty in Section 325-53 ("Reports of Blood Tests") and Section 325-56 ("Penalty"). Your Committee has also made nonsubstantive technical changes to Sections 325-2 and 325-56.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 1038, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 1038, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2595 Ways and Means on H.B. No. 3150

The purpose of this bill, as received, is to provide funds for hospital contingencies and administrative purposes to assist the county/state hospitals division of the department of health in administering its expenses, to correct deficiencies cited by monitor agencies, and to supplement shortfalls in appropriated funds.

Your Committee concurs with the findings of the Committee on Health that increased flexibility is needed to enable the county/state hospitals division to better carry out its duties and responsibilities. However, your Committee finds that further amendment to this bill is required to achieve fully its purpose.

The legislative auditor noted in its recent report, entitled A Study of the County/State Hospital Program, that there is no clear picture of the financial status of the county/state hospitals division, which operates consistently with excess revenues, uses an unauthorized special fund, and draws on and combines general fund appropriations with special funds. Your Committee believes that this problem must be addressed if the county/state hospitals division is to operate more effectively and efficiently. Accordingly, your Committee has amended the bill to provide a mechanism for the transfer of moneys between individual hospital special fund accounts so as to use unrequired balances from one account to supplement insufficient balances in another account. To prevent the continued commingling of general fund appropriations with special fund moneys, your Committee has amended the bill to prohibit the director of finance from allotting general fund appropriations for the operating expenses of county/state hospitals unless the director of finance finds that the moneys in the individual hospital and hospital administration special funds are insufficient to meet the required lawful expenditures. The findings and decision of the director must be communicated to the president of the senate and the speaker of the house of representatives at the end of each allotment period.

Your Committee also has amended the bill to give the director of health greater flexibility in the recruitment and retention of personnel for the county/state hospitals. The bill in its amended form will allow the director to provide perquisites such as quarters and utilities, monetary incentives, and one-way travel and moving expenses.

Your Committee also has made technical, nonsubstantive amendments to conform to appropriate drafting style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3150, 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. 3150, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 2596 Ways and Means on H.B. No. 2037

The purpose of this bill was to expand and clarify the rights of consumers in resolving new motor vehicle warranty disputes with manufacturers.

The bill would establish within the Department of Commerce and Consumer Affairs a state certified arbitration program which is in compliance with Title 16, C.F.R., Part 703.

The changes made to existing law by this bill include:

- (1) A definition of "nonconformity" added to section 490:2-313.1(a);
- (2) If a new motor vehicle is out of service and under repair fifteen calendar days, it shall be presumed that a reasonable number of attempts have been made to conform the vehicle to the applicable express warranties;
- (3) New definitions of "new motor vehicle" and "demonstrator" added to section 490:2-313.1;
- (4) That a reasonable allowance for use shall be that amount directly attributable to use by the consumer prior to the consumer's first report of the nonconformity to the manufacturer, agent, distributor, or dealer, and that the reasonable allowance shall be equal to one per cent of the purchase price for every thousand miles of use;
- (5) That the manufacturer shall provide notice of the provisions of section 490:2-313.1 by placing written material in the glove compartment of every motor vehicle;
- (6) That a consumer who has submitted a dispute to arbitration is subsequently entitled to a trial de novo;
- (7) That the amount of an arbitration award shall be admissible at a trial de novo;
- (8) That prevailing parties of arbitrations shall be allowed reasonable attorney's fees; and
- (9) That attorney's fees for consultations and court purposes shall be granted to consumers who prevail in court actions.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2037, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2597 Ways and Means on H.B. No. 2046

The purpose of this bill is to appropriate funds to control the spread of AIDS. This bill allows for program and service flexibility, and enables the Department of Health to make decisions as to which programs receive funds for services the department deems to be of high priority.

The bill appropriates funds for AIDS education and information; statewide health care, treatment, and therapeutic research; administration of the AIDS program and laboratory AIDS testing; and AIDS coordination and policy development. The bill also requires the Department of Health to utilize federal funds to the fullest as they become available; to expend funds according to the needs of different populations; to report to the 1989 Legislature on the expenditure of funds; and allows the Department of Health to expend funds through grants-in-aid or purchases of service with private agencies.

Your Committee has amended this bill by leaving blank all specific amounts to be appropriated, by changing the effective date to July 1, 1988, and by making technical, nonsubstantive changes for the purposes of style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2046, 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. 2046, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 2598 Ways and Means on H.B. No. 2330

The purpose of this bill is to appropriate \$200,000 to establish "Operation Nightingale", a two-year pilot program in the Department of Health to help nursing school graduates pass the written examination required by the Commission on Graduates of Foreign Nursing Schools, or the state board of nursing, or both. Review and training courses would be conducted for four to six months, prior to the dates of the examinations.

Your Committee finds that this bill is consistent with other programs addressing the current shortage of nurses in Hawaii, and will provide invaluable assistance to nursing school graduates who have not yet qualified for licensure in Hawaii. Many of these people are currently working as licensed practical nurses, nurse's aides, ward clerks, and in other nursing-related work, but time demands and socioeconomic pressures make it difficult for them to prepare for the licensing examinations. Under this program, participating hospitals would assist aspiring registered nurses by keeping them gainfully employed while they attend classes.

Your Committee has amended the bill by deleting the last quarter of fiscal year 1987-1988 as part of the funding period, by changing the effective date of the bill to July 1, 1988, and by making technical, nonsubstantive changes.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2330, 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. 2330, H.D. 2, S.D. 2.

Signed by all members of the Committee.

SCRep. 2599 Ways and Means on H.B. No. 3173

The purpose of this bill is to change the name of the Honolulu symphony endowment fund to the State of Hawaii endowment fund, and to establish certain restrictions upon and clarify appropriations for the fund.

Act 382, Session Laws of Hawaii 1987, established the Honolulu Symphony endowment fund and appropriated \$500,000 for each of fiscal years 1987-1988 and 1988-1989. This bill renames the fund as well as establishes the following restrictions for use of the fund:

- (1) No part of the principal amount contributed by the State or by matching grants shall be used for operations of the Honolulu Symphony;
- (2) Income and capital gains from the fund shall not be used in the operation of the Honolulu Symphony if the value of the fund is less than the principal amounts contributed; and
- (3) The amounts contributed to the fund by the State shall revert to the State if matching funds or conditions to the grant of funds are not met.

In addition, this bill provides for investment of the fund and for its deposit into the state general fund and distribution in accordance with the provisions of the Honolulu Symphony Trust in the event the Honolulu Symphony Trust is terminated.

Your Committee has amended this bill to clarify that the funds for fiscal year 1987-1988 be made available to the fund on the date when this bill is enacted into law, rather than retroactive to the effective date of Act 382, Session Laws of Hawaii 1987; and by making technical nonsubstantive changes.

Your Committee on Ways and Means, is in accord with the intent and purpose of H.B. No. 3173, 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. 3173, H.D. 2, S.D. 2.

Signed by all members of the Committee.

SCRep. 2600 Ways and Means on H.B. No. 2022

The purpose of this bill is to establish a business permits service center for the purpose of providing services and information to expedite and facilitate the business permit application process.

The bill provides that the center be established within the department of business and economic development with the following functions, powers, and duties: (1) to provide comprehensive information on required permits; (2) to facilitate contacts between the applicant and state agencies; (3) to research, compile, and maintain a file of state and federal laws and rules and county ordinances applicable to business or commercial activities, as well as of available financial assistance programs; (4) to encourage and facilitate the cooperation of federal, state, and county agencies on permit coordination; (5) to promote the center's services to the public; (6) to make recommendations to state agencies for expediting permit procedures; and (7) to provide a toll free telephone business information service and direct telephone lines to those agencies that have a direct relationship to permit functions.

Your Committee finds that the bill provides a valuable mechanism to assist persons engaging in or intending to engage in business or commercial activities in the State, by obtaining the required business permits in a coordinated and expeditious manner. Further, your Committee believes that the establishment of the center will ease some of the regulatory burdens faced by businesses, particularly small businesses. Your Committee has made technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2022, 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. 2022, H.D. 2, S.D. 2.

Signed by all members of the Committee.

SCRep. 2601 Ways and Means on H.B. No. 2096

The purpose of this bill is to provide for a more vital Aloha Tower Development Corporation by expanding its capabilities and the boundaries of the development corporation in preparation for detailed, long-term development of the waterfront and harborfront.

The planning area under the development corporation's jurisdiction as provided under this bill incorporates areas from Pier 4 to Pier 23 along the harborfront and areas adjacent to those piers, including Aloha Tower, Irwin Park, the Hawaiian Electric power plant, and several parking lots. Your Committee finds that this outline of the planning area would foster an integration of maritime, economic, and recreational needs.

Your Committee has amended the bill by deleting from section 1 of the bill the statement that one of the purposes of the development corporation is to create a homogeneous development consistent with the governor's overall Honolulu waterfront development plan. Your Committee has also amended the bill by making technical, nonsubstantive amendments for purposes of style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2096, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2096, S.D. 2.

Signed by all members of the Committee.

SCRep. 2602 Ways and Means on H.B. No. 3416

The purpose of this bill is to appropriate \$5,000,000 for fiscal year 1988-1989, to be paid into the agricultural loan revolving fund, to make loans to qualified farmers under the rules of the department of agriculture.

Your Committee finds that various elements of the State's agricultural industries have suffered or continue to suffer from temporary setbacks, and that loans made to qualified farmers continue to serve a vital role in helping this important sector of the economy.

It is the intent of this Committee that any loans made to any qualified farmer qualifying under section 155-9, Hawaii Revised Statutes, from funds appropriated to the agricultural loan revolving fund be fully collateralized. The department of agriculture shall establish the criteria for the quality and type of collateral offered by such qualified farmer in an amount sufficient to fully secure such loan throughout its term. It is the further intent of this Committee that the collateral maintain its value and marketability even if such qualified farmer ceases operations.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3416, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2603 Ways and Means on H.B. No. 2127

The purpose of this bill is to provide the department of land and natural resources the authority to set fees by rule for:

- (1) Permits for taking marine life from the Northwestern Hawaiian Islands;
- (2) Fresh water game fishing permits; and
- (3) Commercial marine licenses.

This bill authorizes the Department to determine the amount of the fees through administrative rules adopted in accordance with the Administrative Procedure Act; provides that the fees be set at an amount reasonably necessary to supplement funding for enforcement of fishing and aquatic resource laws; and provides that the fees currently specified by law shall remain in effect until new administrative rules governing those fees become effective.

Presently, the fees for fishing permits and licenses are established by law, and your Committee finds that determining the fee amount for fishing permits and licenses through the administrative rule making process is appropriate and consistent with ongoing efforts of the Department of Land and Natural Resources to consolidate regulatory measures from the statutes to administrative rules.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2127, H.D. 2, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2604 Ways and Means on H.B. No. 2379

The purpose of this bill is to ensure the availability of telephone relay services for the deaf and hearing-impaired.

This bill will support the widely held view that everyone has a natural and basic need to communicate. For many deaf and hearing-impaired people, the fulfillment of this need depends on an extra communication means, such as a telecommunication device for the deaf. These extra tools of communication have not always been readily available nor uniformly accessible. However, without them, hearing-impaired people are deprived of the right to fully participate in society.

Specifically, this bill provides that the public utilities commission shall implement a program to achieve relay services on a twenty-four-hour basis for the hearing-impaired by July 1, 1989. Every public utility providing telephone services would be required to file a schedule of rates and charges with the public utilities commission to determine a rate for relay services for the hearing-impaired.

In accordance with testimony received from the Department of Taxation and the Tax Foundation of Hawaii, your Committee has amended this bill by deleting section 2, which establishes a tax credit for relay services for the deaf and hearing impaired. The Department of Taxation and the Tax Foundation of Hawaii opposed the tax provisions of this bill for reasons which included the following:

- (1) The use of the tax system to achieve such social goals as proposed by the bill sets poor tax policy;
- (2) The tax provisions of the bill would shift responsibility of overseeing how state tax dollars are spent from the Legislature to a semi-autonomous state agency which is not accountable to the electorate;
- (3) There is already a similar credit for telephone utilities in the law, but the Commission has failed to establish the parameters or operating procedures in order to determine and certify the credit, and therefore the credit has not yet been granted; and
- (4) The tax credit, which will increase in future years, is not subject to any controls, would constitute a complete subsidy by the tax system for the entire program, and would result in a disproportionate reduction of the telephone public utility's tax liability as compared with the basis on which the tax was computed.

In addition, your Committee has made technical changes which have no substantive effect.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2379, 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. 2379, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 2605 Ways and Means on H.B. No. 3396

The purpose of this bill is to set forth two potential sites for a convention center.

The bill, as received, provides for the establishment of a Hawaii convention center and a Waikiki convention center authority. Substantive provisions of the bill as set forth in part I and part II include:

- (1) Part I, which shall take effect on July 1, 1989:
 - (A) Establishes the orientation of the convention center as primarily for visitor events;
 - (B) Designates not more than twenty-five acres of the southeast corner of the Ala Wai golf course as the convention center site;
 - (C) Creates a convention center special fund and earmarks a portion of the transient accommodations tax to the special fund. From the fiscal year 1989-1990 through the fiscal year 1994-1995, \$25 million annually is to be transmitted to the special fund. For subsequent fiscal years, \$20 million is to be transmitted annually to the special fund, an amount sufficient to pay debt service charges for construction of and operating costs for the convention center. The higher initial amount is intended to fund the debt service charges and operating costs, as well as the costs of other off-site improvements deemed necessary under the Senate's plan;
 - (D) Requires plans, design, land acquisition, construction, and equipment for the convention center to be funded from the proceeds of the convention center special fund;
 - (E) Declares legislative intent to fund a rebuilding of the remainder of the Ala Wai golf course, improvements to surrounding infrastructure systems, and renovation of the Neal Blaisdell Center; and
 - (F) Provides for the supersession of county land use, planning, zoning, development, and construction laws and rules for the construction of the convention center only. The supersession does not extend to hotels, condominiums, or other private projects. This position is consistent with that held by the Senate last year. Your Committee believes that supersession will better serve the public interest by enabling the convention center to be constructed on a timely basis, resulting in the accrual of economic benefits to the State sooner.
- (2) Part II, which becomes operational only upon legislative designation of a Waikiki convention center district:
 - (A) Designates the Aloha Motors site or the Magoon Estate site as the potential Waikiki convention center district;

- (B) Requires the development and construction of the convention center and other improvements within the convention center district to be subject to and comply with the City and County of Honolulu's land use, planning, development, zoning, and building laws, standards, and permit processes;
- (C) Prohibits tax expenditures which may accrue to a private developer from the development and construction of the convention center and other improvements. Since tax expenditures represent a cost to the public treasury and since the Governor and House propose an entirely privately funded convention center, your Committee deems appropriate the prohibition;
- (D) Prohibits the set aside of public lands for the convention center district and requires the conveyance or lease of state lands at fair market value. These amendments are intended to prevent an indirect subsidy to a private developer;
- (E) Requires the private developers to fully fund necessary off-site and on-site improvements to public facilities and the Blaisdell Center; and
- (F) Requires at least sixty per cent of the residential units developed within the convention center district to be affordable to and reserved for low- and moderate-income families and persons.

As mentioned previously, part II takes effect only upon the designation by the Legislature of a Waikiki convention center district. The bill provides, however, that the Governor or any other person may present a private financing proposal to the Legislature for consideration during the Regular Session of 1989. If the Legislature deems the proposal valid and feasible, the Legislature may then choose to make part II operational by designating a Waikiki convention center district and, correspondingly repealing part I and the Ala Wai site designation. But, if the Legislature does not find any of the proposals meritorious and does not enact a law making part II operational, the designation of the Ala Wai site shall take effect.

Your Committee finds that the bill attempts to strike a balance between the delicate political and practical philosophies concerning the establishment of a state convention center. Further, your Committee is cognizant of the importance of a convention center to the economic development of the State as well as its potential for providing economic and social benefits to Hawaii's residents. Thus, your Committee believes that the bill presents a reasonable compromise on an issue of vital significance to the State and one in which a final decision should not be further delayed.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3396, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2606 Ways and Means on H.B. No. 2914

The purpose of this bill is to provide loans to Manoa residents who have lost their homes and lands because of the devastating effects of ground movement or who may suffer such losses from continuing ground movement, and to provide assistance to the City and County of Honolulu to finance drainage and utility repairs in the same area.

Your Committee has amended this bill by deleting all existing provisions and substituting new sections. The bill now appropriates \$2,000,000, to be expended by the City and County of Honolulu, for financing drainage and utilities repairs for Manoa's eastern hillside and for Kuliouou which are needed because of severe ground movement problems.

Your Committee finds that the problems in Kuliouou, while perhaps less publicized than those in Manoa, are very severe and potentially no less devastating to residents in that area.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2914, 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. 2914, H.D. 2, S.D. 2.

Signed by all members of the Committee.

SCRep. 2607 Ways and Means on H.B. No. 2391

The purpose of this bill is to establish a library revolving fund for the library system at the University of Hawaii.

This bill authorizes each library in the University of Hawaii library system to retain all receipts received from fines, fees, and other revenues derived from library operations for the purposes of improving services to users and library operations, provided that such revenues are not viewed as a substitution for general fund support.

Your Committee finds that the rationale for keeping these funds for library use rather than having the money deposited into the State general fund is that persons who have overdue materials create an additional workload for checking shelves, for preparing and mailing notices, and for handling collections. Passage of this bill would enable this process to become completely self-supporting and would pay for student staff to prepare notices and collect fees.

Your Committee also finds that the University's libraries are providing free services to an ever increasing number of community users who pay no tuition or other fees as do the students. At Manoa, out of 58,000 registered library users, 11,000 are community users. Circulation to this group has increased by sixty per cent since 1984. In addition, community users, government agencies, and private businesses are now requesting dial-in access to the libraries' on-line

public access catalog, extensive document delivery services, and data base searches. Each of these services require support for which there is no funding mechanism.

Your Committee finds that passage of this bill is the first step in assisting the University's libraries to accommodate the informational needs of the community.

Your Committee has amended the bill to:

- (1) Require the allocation of quarterly fine revenues to each campus library proportionate to the amount it collected that quarter. The proportionate amount will be used at the end of the year to calculate the amount of each campus library's share of the interest earned by the revolving fund;
- (2) Provide that no general funds be deposited in the revolving fund;
- (3) Require the university librarian to report annually on the status of the revolving fund to the Legislature and the Governor; and
- (4) Change the effective date of the bill to July 1, 1988, to conform to the State's fiscal year.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2391, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2391, S.D. 1.

Signed by all members of the Committee.

SCRep. 2608 Ways and Means on H.B. No. 3518

The purpose of this bill, as received, is to provide an exemption from the general excise tax for producers producing tangible personal property sold for delivery out-of-state.

This bill would amend section 237-29.5, Hawaii Revised Statutes, which was intended to exempt agricultural and aquacultural products shipped out of State from the general excise tax. Section 237-29.5, as enacted last session, included a provision stating that it would not supersede section 237-13(2)(A), under the belief that that section merely allowed the continued valuation of those products if shipped out of State, and would not result in the imposition of the tax. It was subsequently determined that the continued application of section 237-13(2)(A) did indeed result in the imposition of the tax. This bill would amend section 237-29.5 to remove the reference to section 237-13(2)(A), thereby providing the desired exemption.

On the recommendation of the department of taxation, your Committee has amended the bill to make it applicable to sugar producers as well as to other agricultural producers. The current law only provides the exemption if the producer retains title until the product is sold out of state. However, sugar producers in Hawaii pass title to the C&H cooperative while the sugar is still in Hawaii. The only cooperatives eligible for the exemption are those organized under chapters 421 and 422, Hawaii Revised Statutes, while the C&H cooperative is organized under federal Internal Revenue Code section 521. Your Committee has amended the bill by specifying that Code section 521 cooperatives, like chapters 421 and 422 cooperatives, are eligible for the exemption.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3518, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3518, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2609 Ways and Means on H.B. No. 2774

The purpose of this bill is to appropriate \$100,000 for the purchase of a computer catalog for the braille library of the State of Hawaii.

Currently, the state library for the blind and physically handicapped is the only library statewide that is not automated. This presents a particular problem to the library which needs to maintain an ever-growing advisory service to braille-users which includes the names of the individuals, the titles of the materials they have already read, and what types of reading materials they would like to have provided to them. The library is unable to keep up with the increased circulation demands on a manual basis.

This bill would provide for the purchase and acquisition of a separate software/hardware system specifically designed to address the needs of the library's special users. Currently, circulation software used in the state libraries are not appropriate for the circulation needs of the library for the blind and physically handicapped.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2774 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2610 Transportation on H.B. No. 3535

The purpose of this bill is to authorize a law enforcement officer to request that a person suspected of operating an aircraft while under the influence of alcohol be tested by either a breath test, blood test, or both.

Your Committee heard testimony on this bill and finds that the present law encompasses a larger scope to find a person guilty of reckless operation of an aircraft and provides necessary penalties. In addition, the bill raises a conflict with the present law. Therefore, your Committee has decided not to act upon the present provisions in the bill.

Your Committee, however, has amended the bill to address a grave concern and problem in the field of aeronautics: the regulation of helicopter operations in the State.

Helicopter services at all of Hawaii's airports have increased rapidly, and your Committee believes that it is imperative that the State establish policy and regulation in this area to ensure air safety. The Environmental Center at the University of Hawaii Manoa testified that, for the past sixteen months, there have been sixteen civilian accidents resulting in six fatalities.

The need for state regulation is strongly supported by helicopter operators and the Department of Transportation in hearings conducted by your Committee. In fact, the Department has testified that studies are now underway that will result in the development and implementation of master plans for helicopter regulations at each of Hawaii's airports.

While the development of master plans are positive steps in the right direction, your Committee questions the Department's issuance of permits for helicopter operations while these studies are being completed. In some cases, the issuance have been inconsistent and have resulted in abuse of permits intended for limited use.

For example, your Committee has reviewed the events relating to permits issued last year at Port Allen (Burns Field) in Kauai. In its program and budgetary review of this facility last year, your Committee received oral testimony in February of 1987 that, because of the lack of facilities and community concerns, the Department agreed to withhold the issuance of operating permits to Port Allen Airport until a Master Plan is completed. This, in fact, was the policy of the Department in its written response to permit inquiries in April of 1987. The Department further stated that public hearings will be held to receive comment and recommendations. The Department again reaffirmed this position before interim legislative committees in November of 1987.

However, your Committee has learned that, contrary to its representations, the Department in March of 1987, issued new permits to an operator for the limited purpose of performing maintenance on their vehicles at Port Allen. The operator then abused the permit by loading and unloading passengers, in direct violation of the Department's rules.

Your Committee is deeply concerned that such issuance of permits contrary to the Department's public position on the matter and the failure to enforce a limited use may be viewed as evidence that the State does not have a fair and evenhanded policy in the issuance of permits. This may be particularly disturbing to those helicopter operators who currently have operating permits but who have voluntarily chosen not to use them until a Master Plan is completed.

Given these events, your Committee believes that fairness and equitable consideration in the issuance of permits can only be accomplished through enabling legislation that will provide policies and guidelines directing the development of the master plans. In addition, your Committee believes that because of the Department's actions in the Port Allen matter, specific corrective action must be taken.

Therefore, the bill has been amended to:

- (1) Give the Department of Transportation statutory authority to develop and implement helicopter master plans for all State airports. In concert with the helicopter master plans, advisory committees, with representation from the helicopter industry and affected communities, have been established to aid the Department of Transportation in its development and implementation of the master plans;
- (2) Establish a licensing system for helicopter operations at all State airports to provide for fair and equal treatment to licensees and to ensure the public's health, safety and welfare;
- (3) Codify the Department of Transportation's commitment to a moratorium on the issuance of new permits at Port Allen Airport (Burns Field) and ensure that current violations are stopped; and
- (4) Ensure that present laws governing aircraft operations in the State include helicopter operations.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 3535, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3535, 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, George and Reed.

SCRep. 2611 Housing, Hawaiian Programs and Natural Resources on H.B. No. 479

The purpose of this bill is to amend the landlord-tenant code to require that termination of tenancy notices be in writing.

Under current law, termination of tenancy notices, whether from the landlord or from the tenant, are not required to be in writing. This bill amends section 521-71, Hawaii Revised Statutes, to require that termination of tenancy notices be in writing.

Your Committee received testimony from the Department of Commerce and Consumer Affairs indicating that it is always prudent to reduce all notices to writing.

Your Committee also received testimony from the Mailli Housing Project and the Affordable Housing Alliance indicating the immediate need to amend the current law which inhibits the issuance of a trespass warning or action by management in a transitional housing project. Transitional housing projects are plagued by unwelcome guests of tenants who are drug dealers, prostitution clients, and other criminally disruptive persons. The police are unable to remove these unwanted guests unless they actually witness criminal activity. As a result, the speedy enforcement of housing rules and the eviction of disruptive persons is greatly inhibited and the peace and security of law abiding tenants is threatened.

Your Committee, therefore, amended the bill to make it unlawful for a person to enter or remain unlawfully in a transitional housing project, even if invited by a tenant, if requested to leave by the project authorities or the police.

Your Committee also amended the bill to:

- (1) Exclude from the scope of Chapter 521, Hawaii Revised Statutes, occupancy in a project for temporary or transitional housing for homeless persons operated by a non-profit corporation which has filed its rules and regulations with the Department of Commerce and Consumer Affairs;
- (2) Add new definitions of "homeless person", "temporary housing for the homeless", "transitional housing for the homeless", and "non-profit corporations" to section 521-8;
- (3) Require that landlords provide their general excise tax number to all tenants for the purpose of filing for a low-income tax credit.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 479, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 479, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2612 Housing, Hawaiian Programs and Natural Resources on H.B. No. 3560

The purpose of this bill is to substitute the definition of "housing finance and development corporation" for "Hawaii housing authority" and to substitute "corporation" for "authority" whenever it appears in Chapters 516, and 519, Hawaii Revised Statutes.

The Executive Director of the Housing Finance and Development Corporation stated that although Section 16 of Act 337, Session Laws of Hawaii 1987, states that Chapters 111, 516, and 519, Hawaii Revised Statutes, are to be amended by substituting the term "housing finance and development corporation" wherever the term "Hawaii housing authority" appears, it was pointed out by the Revisor of Statutes that the definition of "authority" in Chapter 516 needs to be deleted, and replaced with the definition of "corporation." Additionally, the term "authority" must be replaced with "corporation," in various sections of the Hawaii Revised Statutes for the purpose of consistency with Act 337, Session Laws of Hawaii, 1987.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 3560 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2613 (Joint/Majority) Consumer Protection and Commerce and Housing, Hawaiian Programs and Natural Resources on H.B. No. 3205

The purpose of this bill was to abolish surrender terms in leases for condominium and cooperative housing project lands retroactively to January 1, 1950.

Long term leases for many of the lands under Hawaii's condominiums and cooperative housing projects contain terms requiring ownership of all improvements made by the lessee during the life of the lease to revert to the lessor upon expiration of the lease. If the lessee wishes to retain the building and other improvements, he must renegotiate with the lessor for an extension of the lease, in which case the lessor has a clear advantage in the proceedings. This bill would provide a mechanism by which the lessee could obtain remuneration for the investment he has made in the property by liquidation, or extension of the lease at terms mutually agreeable to both lessee and lessor, or by compensation of the lessee by the lessor for the improvements at the current fair market value.

Your Committees believe that it is important that lessees be informed of surrender terms in their leases, and that surrender terms should be prohibited in future leases. In order to accomplish this objective, your Committees have amended this bill by deleting the substance and inserting the following statutory material:

- (1) A clear statement that the purpose of this bill is to ensure that lessees of residential condominium and cooperative housing project lands are informed and understand any surrender terms contained in their leases, and to provide that no new lease entered into after the effective date of this bill shall contain surrender terms;
- (2) Definitions of "lessee," "lessor," "lease," and "surrender;"
- (3) Provision that all lessors shall notify their lessees of any surrender terms in their leases within six months of the effective date of the bill;

- (4) Provision that all lessors who require consent to transfer in leases shall notify transferees of a lease, at the time of any consent to transfer of the lease, of surrender terms in the lease;
- (5) Provision that all documents which transfer any leasehold interests shall include within the document the actual surrender terms of the lease verbatim;
- (6) That no new lease entered into subsequent to the effective date of this bill shall contain surrender terms.

Your Committees on Consumer Protection and Commerce and Housing, Hawaiian Programs and Natural Resources are in accord with the intent and purpose of H.B. No. 3205, H.D. 1, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 3205, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

Senators Chang, Fernandes Salling, Holt, Matsuura, Tungpalan, Young and A. Kobayashi. did not concur.

SCRep. 2614 Ways and Means on H.B. No. 3563

The purpose of this bill is to allow the department of business and economic development (DBED) to operate out-of-state offices as part of a strategic plan for the State's economic development.

The bill, as received, allows DBED to (1) enter into and perform contracts, cooperative agreements, or other transactions, (2) establish bank accounts in out-of-state locations, (3) receive any property through gifts, grants, devises, or bequests, (4) sell, lease, rent, hold, maintain, use, and operate any property, and (5) hire necessary staff for its out-of-state offices. The bill also provides that the DBED may be excepted from certain state laws as to allow flexibility in hiring its personnel and in handling moneys.

Your Committee has amended the bill by:

- (1) Deleting the provision allowing the department to receive any property through gifts, grants, devises, or bequests;
- (2) Changing the provisions relating to the hiring of personnel for the department's out-of-state offices to allow the department to hire necessary staff subject to state civil service and compensation laws, and legislative appropriations, and to allow the department to contract for personal services;
- (3) Deleting references to chapters 76 and 77, Hawaii Revised Statutes (civil service and compensation), with regard to the provision excepting the department from certain state laws, and by making the exception from the enumerated state laws subject to the approval of the director of finance;
- (4) Changing the language authorizing the department to establish a special fund for the purpose of operating its out-of-state offices from "shall" to "may";
- (5) Adding a provision requiring the department to adopt rules in accordance with the Administrative Procedure Act;
- (6) Adding a provision requiring the department to submit annual reports to the Legislature on the operation of its out-of-state offices; and
- (7) Making technical, nonsubstantive changes for purposes of style and clarity.

Your Committee finds that the bill, as amended herein, will enable the State to have a business and marketing presence in overseas locations and strengthen the State's economy by allowing the DBED to develop programs to reach targeted out-of-state and foreign companies or industries. Further, your Committee believes that the bill gives the DBED the necessary flexibility in operating its out-of-state offices, and yet maintain sufficient legislative oversight in order to protect the public interest in the expenditure of state funds.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3563, 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. 3563, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Aki.

SCRep. 2615 Ways and Means on H.B. No. 3190

The purpose of this bill, as received, is to repeal the law providing for preparation of a community impact plan by the department of health for small group facilities involving adult residential homes or intermediate care facilities, and implementing a new chapter to create a dispersal review council to ensure that group living facilities for the developmentally disabled, the elderly, the handicapped, the mentally ill, and the totally disabled are dispersed throughout the State. The bill appropriates \$72,544 for its implementation.

The dispersal review council shall do the following:

- (1) Maintain an updated registry of group living facilities;
- (2) Establish criteria to determine geographic areas for group living facilities dispersal, including the saturation rating of the area, and criteria to determine when an area is oversaturated;

- (3) Establish memoranda of agreement with licensing agencies to utilize the saturation rating system;
- (4) Review applications for licensure of new group living facilities;
- (5) Explore means to resolve conflicts between group living facilities and the community; and
- (6) Explore incentives for new and existing group living facilities to locate or relocate outside saturated areas.

The bill defines group living facilities to include adult residential care homes, intermediate care facilities, special treatment facilities, and boarding houses, lodging or tenement houses, group homes, group residences, or group living arrangements.

In addition, the state health planning and development agency would provide staff services, but administratively, the council would be independent.

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 H.B. No. 3190, 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. 3190, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senators Aki and Nakasato.

SCRep. 2616 Ways and Means on H.B. No. 3404

The purpose of this bill is to allow certain government employers to adjust the pay of their excluded managerial employees who were incumbents when the excluded managerial compensation plan went into effect.

Under current law, "charter" managerial employees (employees who were incumbents when the excluded managerial compensation plan (EMCP) went into effect) are paid less than included employees who were or subsequently are promoted into the EMCP. This bill provides for a single retroactive pay adjustment to excluded charter managerial employees and authorizes appropriations for such adjustment.

Your Committee has amended this bill to:

- (1) Clarify that the pay adjustment applies to charter members who are those employees who have remained incumbents since the EMCP went into effect on July 1, 1981, and those current employees who were similarly assigned to the plan without a pay increase prior to July 1, 1982;
- (2) Provide for current pay adjustments as well as lump sum pay adjustments and for the computation of current pay adjustments;
- (3) Provide for separate specified appropriation amounts for the state executive branch, the counties, and the state judicial branch; and
- (4) Make the entire Act effective on July 1, 1988.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3404, 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. 3404, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Aki.

SCRep. 2617 Ways and Means on H.B. No. 2550

The purpose of this bill is to allow counties and their authorized personnel to enforce chapter 286 (highway safety) and 291 (traffic violations), Hawaii Revised Statutes, on certain private streets, highways, or thoroughfares.

Your Committee has amended the bill to exclude from county authority to regulate and enforce laws on private roads used primarily for ranching purposes. Your Committee has also made technical nonsubstantive amendments for purposes of style.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2550, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 2550, S.D. 2.

Signed by all members of the Committee except Senator Aki.

SCRep. 2618 Ways and Means on H.B. No. 3377

The purpose of this bill is to provide district court judges and district family court judges retirement benefits commensurate with their offices by amending the state retirement laws to include district court judges and district family court judges within the definition of "judge" in section 88-21, Hawaii Revised Statutes.

Your Committee has amended this bill by changing the effective date to facilitate the calculation of retirement benefits in the future.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3377, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 3377, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Aki.

SCRep. 2619 Ways and Means on H.B. No. 2031

The purpose of this bill, as received, is to create additional duties for the office of state planning in connection with the State's international activities.

Specifically, this bill requires the office of state planning to develop a strategic plan to coordinate the State's international activities, and to establish a focal point for trade and exchange programs, protocol services, and briefings for state and foreign officials.

Your Committee finds that the office of state planning is an appropriate situs for these activities. Your Committee has amended the bill by making technical, nonsubstantive amendments.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2031, 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. 2031, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Aki.

SCRep. 2620 Ways and Means on H.B. No. 2957

The purpose of this bill is to provide a tax credit for certain low-income housing projects until the end of 1989 except for projects already in progress and for those credits that have not been exhausted.

Currently, section 42 of the federal Internal Revenue Code provides a low-income tax credit for certain low-income housing projects. The credit may be claimed in a maximum amount equal to either four or nine per cent, depending on whether the project is newly rehabilitated or constructed. This bill establishes a state low-income housing tax credit equal to thirty per cent of the credit provided under the federal program.

In order to qualify for the credit:

- (1) The low-income housing project must set aside at least twenty to forty per cent of the units for low-income tenants;
- (2) The gross rent charged to each tenant must not exceed thirty per cent of the tenant's income level; and
- (3) The State must authorize qualified projects and allocate the total dollar amount allowed for the State.

Your Committee heard favorable testimony on this bill and finds the bill provides an additional incentive for the development of new rental units or the rehabilitation of existing rental units. Providing decent and affordable rental housing is a major goal, though very difficult to achieve. The economic incentives of the bill represent an effective way to increase private sector production of low-income housing.

Your Committee has amended the bill by making technical, nonsubstantive changes for purposes of style, clarity, and consistency.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2957, 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. 2957, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Aki.

SCRep. 2621 Ways and Means on H.B. No. 3137

The purpose of this bill is to authorize the department of land and natural resources (DLNR) to negotiate long-term leases to qualifying permittees, who depend on farming state land for a livelihood.

This bill is consistent with objectives of the Hawaii state plan for continued growth and development of diversified agriculture throughout the State and provides for one of several stipulated uses for proceeds from the public land trust.

Certain permittees of agricultural lands have occupied state lands for long periods but do not have the assurance of continued occupation because their tenure is on a month-to-month basis. Your Committee finds that this situation places an unacceptable burden on such permittees because adequate financing is not available to permittees without long-term tenure. As a result, farmers are constrained by their uncertain tenure from developing the land to its fullest potential and using it more productively.

This bill would establish the criteria for DLNR to decide who is eligible for negotiation of long-term leases, the type of land eligible for lease negotiation and the conditions under which lands may be leased. This bill also provides for notification of eligible permittees and the conditions under which they may apply for a long-term lease.

In addition this bill appropriates \$500,000 for the department to implement this program and to hire the necessary personnel.

Your Committee has amended this bill by:

- (1) Including for lease eligibility any person who occupied agriculturally zoned land for at least ten years immediately preceding the effective date of the Act;
- (2) Including for eligibility persons who have been bona fide farmers, use state land for agricultural purposes, and have a permit for agricultural use; and
- (3) Making other technical, nonsubstantive amendments.

Your Committee notes that the above amendments will conform this bill to its companion, S.B. No. 3413, S.D. 1, which was previously reported out of your Committee.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3137, 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. 3137, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Aki.

SCRep. 2622 Ways and Means on H.B. No. 3012

The purpose of this bill is to provide funds to the Department of Health for additional mental health positions for mental health services to children and youths in each geographic region of the State.

Your Committee finds that this bill will provide flexibility in funding and staff so that a range of appropriate mental health resources may be allocated student by student and region by region to meet the mental health needs of children and youth throughout the State.

Your Committee has amended this bill by changing the appropriation to \$1.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3012, 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. 3012, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Aki.

SCRep. 2623 Ways and Means on H.B. No. 2604

The purpose of this bill, as received, is to appropriate \$576,800 to be expended by the department of health for fiscal years 1988-89 and 1989-90 to fund community-based programs for the mentally ill.

Your Committee finds that these funds would be used to continue a program called "The Clubhouse" created pursuant to Act 340, Session Laws of Hawaii 1987, to afford severely mentally ill persons the maximum opportunity to reach their highest level of functioning in a work environment.

Your Committee has amended this bill by reducing the funding to \$1.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2604, 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. 2604, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Aki.

SCRep. 2624 Ways and Means on H.B. No. 2797

The purpose of this bill is to provide authority to the Department of Health to implement the requirements of the Asbestos Hazard Emergency Response Act of 1986 (AHERA), Public Law 99-519, and to appropriate funds for these purposes.

Under AHERA, the State is to establish an accreditation plan covering inspectors, management planners, and persons who design or carry out removal of materials containing asbestos from school buildings. This bill is also intended to authorize the department of health to require accreditation when the inspection, planning, and design or removal of materials containing asbestos is from any public or private building.

Your Committee finds that this bill would give the State the authority to set up a state plan for the accreditation of the specially trained personnel required by the Environmental Protection Agency (EPA) to conduct inspections for asbestos, develop asbestos management plans, and to design asbestos abatement projects in Hawaii's schools and possibly in public buildings at a later date.

Your Committee also finds that the federal EPA has already developed a national accreditation plan but each state is still required to develop its own plan which shall be at least as stringent as the federal standards.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2797, H.D. 1, S.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senator Aki.

SCRep. 2625 Ways and Means on H.B. No. 3548

The purpose of this bill is to authorize appropriations from the general revenues of the State of Hawaii to satisfy claims for legislative relief, judgments against the State, settlements, refund of real property taxes, and miscellaneous claims as provided in section 37-77, Hawaii Revised Statutes.

Your Committee has amended this bill by including the following settlements and claims:

Bowling v. Citizen Utilities Co. Civil No. 86-0074, 5th Cir. Amount of settlement:	10,000.00
No interest	
Lee v. State Civil No. 86-0500, U.S.D.C. Amount of settlement:	22,000.00
No interest	
Manzano v. Matsuura Civil No. 85-3683, 1st Cir. Amount of settlement:	7,500.00
No interest	
McMillien v. Worden Civil No. 86-499, 3rd Cir. Amount of settlement:	35,000.00
No interest	

MISCELLANEOUS CLAIMS

Palmerton, William	<u>2,500.00</u>
TOTAL	\$77,000.00

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3548, 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. 3548, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Aki.

SCRep. 2626 Ways and Means on H.B. No. 2278

The purpose of this bill is to:

- (1) Place the Hawaii Criminal Justice Commission within the Department of the Attorney General for administrative purposes;
- (2) Repeal the research functions of the Commission, while restating other functions;
- (3) Extend the "sunset" date of the Commission from June 30, 1988 to June 30, 1994; and
- (4) Appropriate \$442,028 in operating expenses for the Commission for fiscal year 1988-1989, to be expended by the Department of the Attorney General.

Your Committee finds that the Commission plays an important role in our criminal justice system and believes that this bill will enable the Commission to focus its efforts more effectively on needed programs relating to crime prevention, education, and public awareness.

Your Committee has made the following changes to the bill:

- (1) Added a new Section 3 to provide for the transfer of all officers and employees to the Department of the Attorney General whose functions are transferred by this bill, as well as the transfer of all records and equipment relating to those functions;
- (2) Renumbered old Sections 3, 4, and 5 to Sections 4, 5, and 6, respectively, for purposes of consistency; and

- (3) Made technical, nonsubstantive changes to this 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. 2278, 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. 2278, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Aki.

SCRep. 2627 Ways and Means on H.B. No. 2032

The purpose of this bill is to create the mechanism through which the State may become a leader in the field of telecommunications and information technology in the Pacific Basin and throughout the world.

Your Committee received considerable testimony in support of the bill. Your Committee recognizes that while telecommunications and information may present an economic opportunity for the State, a determination needs to be made on the financial commitment the State must make to implement the plan.

Your Committee also feels that an assessment of the potential economic benefit to the State would be appropriate. To these ends your Committee has amended the bill in the following ways:

- (1) Deleted the appropriation for \$974,000;
- (2) Inserted an appropriation for \$150,000 for preliminary software design to be expended by the department of business and economic development;
- (3) Added another appropriation for \$150,000 for a study on the information industry in Hawaii which shall be submitted to the legislature prior to the convening of the 1989 regular session, analyzing and developing among other things, legal issues, the demand and economic market for Hawaii public data, an appropriate networking system, an implementation plan and timetable, cost projections, and employment opportunity projections; and
- (4) Changed the effective date of the Act to conform to the state fiscal year.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2032, 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. 2032, H.D. 2, S.D. 2.

Signed by all members of the Committee except Senator Aki.

SCRep. 2628 Ways and Means on H.B. No. 3009

The purpose of this bill is to:

- (1) Require that the chief of police of each county consult with the department of education on identifying the need for JPO's;
- (2) Authorize the State to procure liability insurance for the program, though not make its existence dependent on procurement;
- (3) Raise the amounts of benefits allowable for injuries or death; and
- (4) Appropriate grants-in-aid to the counties to hire traffic monitors to supervise junior police officer programs.

Your Committee has amended this bill by restoring the original title which inadvertently had been altered in a previous draft, and by making technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3009, 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. 3009, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Aki.

SCRep. 2629 Ways and Means on H.B. No. 3041

The purpose of this bill is to appropriate \$500,000 to further implement plans for the Diamond Head State Monument.

The objective of the plans is to establish a semi-wild interior park and develop an exterior park for family picnic outings. Priority was given to the development of trails, the exterior parkway, roadway improvements, and landscaping. In 1987, the legislature appropriated funds now being used for planning and engineering for improvements to Diamond Head Road along the makai slopes. However, funds are now needed for the clean up, infrastructure, and landscaping of the mauka slopes.

Your Committee has amended the bill by changing the amount of the appropriation from \$500,000 to \$100,000, and by limiting the use of the funds to designing the Monument, which shall not include construction. Your Committee has also made a technical nonsubstantive change to include a comma which had been omitted inadvertently from the statutory base.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3041, S.D. 1, as amended herein, and recommends that it pass Third Reading in the form attached hereto as H.B. No. 3041, S.D. 2.

Signed by all members of the Committee except Senator Aki.

SCRep. 2630 (Joint) Business Development and Pacific Relations and Judiciary on H.B. No. 2003

The purpose of this bill is to provide the legal framework for the Center for International Commercial Dispute Resolution, a nonprofit educational corporation.

The bill, as supported by Senate Resolution No. 177, Legislative Session of 1987, would enable the Center to facilitate the resolution of international business, trade, commercial, and other disputes by means of arbitration, mediation, conciliation and other forms of dispute resolution, and to develop and conduct educational and training programs. It would allow parties to voluntarily submit to alternate means of dispute resolution in order to avoid international litigation.

The scope of the bill covers disputes between two or more persons provided that at least one of the persons is a nonresident of the United States or provided that the dispute involves property located outside the United States, is related to a contract which envisages enforcement or performance outside the United States, or bears some other relation to a foreign country. Participants are permitted to select any body of rules and procedures for the conduct, administration, and facilitation of the proceedings. Enforcement of awards shall be enforced by the circuit courts of this State.

The bill gives the Center the authority to adopt rules providing that any arbitral tribunal or other panel established pursuant to the rules shall:

- (1) Determine the relevance and materiality of evidence;
- (2) Be able to utilize any lawful method that it deems appropriate to obtain evidence additional to that produced by the parties;
- (3) Issue subpoenas for the attendance of witnesses or for the production of evidence;
- (4) Administer oaths, order depositions to be taken or other discovery obtained;
- (5) Fix witness fees; and
- (6) Make awards of interest, reasonable attorney's fees and costs of the arbitration as agreed to in writing by the parties, or in the absence of an agreement, as it deems appropriate.

Subpoenas issued by the Center may be compelled by the circuit court, and arbitral or other awards shall be enforced by the circuit court.

Your Committees find that the rapid expansion of international business, trade, and commerce among nations in Asia and the Pacific Basin has caused an increase in the number of disputes. Furthermore, many international contracts between various nations have already indicated Hawaii as the situs or location for arbitration of disputes that may arise. It is evident that there is a momentum growing in favor of utilizing Hawaii as the center for dispute resolution because of its uniqueness of location and multi-faceted culture.

Currently, the Hawaii Arbitration Act, Chapter 658, Hawaii Revised Statutes, provides the legal framework for domestic arbitration. There are no laws, however, tailored to international disputes. This bill will provide for laws necessary to facilitate international dispute resolution in Hawaii in order to enhance Hawaii's efforts to assume a place of leadership in the economic and social development of the Asian and Pacific Rim nations.

Your Committees have amended the bill by:

- (1) Deleting references to the Center for International Commercial Dispute Resolution, and amending the definition of "Center" to mean any center for international commercial dispute resolution, to clarify that this bill enables other centers to be established;
- (2) Deleting the words, "unless the parties in writing expressly submit the resolution of that dispute to this chapter" on page 4, lines 1-3 of the bill. This narrows the scope of this bill by providing that the new chapter absolutely shall not apply to any dispute pertaining to the ownership, use, development, or possession of, or a lien of record upon, real property located in this State;
- (3) Making language changes to section -4(d) to make the bill applicable only to arbitrations held in Hawaii, rather than to any arbitrations regardless of the site as provided in the bill as received;
- (4) Providing that the arbitral tribunal or other panel established pursuant to rules shall assess commissions from the parties for utilization of the arbitration framework which shall be transferred to non-profit organizations dedicated to aboriginal rights, the elimination of hunger, or world peace; and
- (5) Making clarifying language changes to conform to the change of the definition of "Center" and making technical changes which have no substantive effect.
- (6) Adding a "drop dead" date of July 1, 1990.

Your Committees on Business Development and Pacific Relations and Judiciary are in accord with the intent and purpose of H.B. No. 2003, as amended herein, and recommend that it pass Second Reading in the form attached hereto as H.B. No. 2003, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committees.

SCRep. 2631 Judiciary on H.B. No. 2715

The purpose of this bill is to set forth the requirements of membership of voting student members on the Board of Education.

On March 14, 1988, the Senate Committee on Education requested the Attorney General to render an opinion on the constitutionality of this bill. On March 31, 1988, the Department of the Attorney General responded that there would be a fair to good chance that the bill would be found unconstitutional.

The questionable legality of the bill as received by your Committee indicates that similar proposals and other alternatives relating to governance and the Board of Education should be subjected to thorough study. Therefore, the bill has been amended to provide for a temporary commission to study governance of the public school system by the Board of Education and other alternatives.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2715, 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. 2715, H.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Menor.

SCRep. 2632 Judiciary on H.B. No. 2688

The purpose of the bill as referred to your Committee is to propose an amendment to Article X, Section 2, of the Constitution of the State of Hawaii to provide for one voting student member on the board of education.

Your Committee received testimony in support of the intent of H.B. No. 2688, H.D. 1, S.D.1, but serious questions as to the constitutionality of adding a voting student member to the board were raised. Your Committee finds that the absence on the board of education of a student member may not afford the board full and complete input as to issues arising in the state educational system. It is the stated power of the board of education to formulate policy and to exercise control over the public school system through its executive officer, the superintendent of education. Your Committee feels that including representation of that group which is directly affected by the board's policies would provide immediate input and response to the board. Accordingly, your Committee feels that a student selected by the Hawaii State Student Council to serve on the board of education would best meet the intent of this bill.

Thus, your Committee has amended the bill to propose an amendment to Article X, Section 2, of the Constitution of the State of Hawaii which would allow the Hawaii State Student Council to select a public high school student to serve as a non-voting member on the board of education.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2688, 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. 2688, H.D. 1, S.D. 1, S.D. 2.

Signed by all members of the Committee except Senators Menor, Holt, Solomon, George and Reed.

SCRep. 2633 Judiciary on H.B. No. 3292

The purpose of this bill as referred to this Committee as S.D. 1 is to statutorily distinguish between individual trustees and corporate trustees, raise the compensation of corporate trustees from one-tenth of one per cent to three-tenths of one per cent, and place a cap of \$250,000 on the commission of corporate or charitable trustees.

Your Committee believes that an adjustment of the present compensation rate of one-tenth of one per cent to a higher rate of one and one-half tenths of one per cent provides trustees with an adequate level of compensation without unduly impairing the interests of the beneficiaries of the trusts. While some corporate trust companies may have experienced unprofitable periods while administering statutory trusts, others have realized profits. Your Committee does not believe that setting the rate of compensation at a level which ensures profits for all corporate trustees is justified since the profit level enjoyed by corporate trustees appears to be largely a result of their own management abilities. Your Committee has therefore reduced the compensation rate provided in the bill.

Your Committee also feels that there is no reason to distinguish between "corporate" and "individual" trustees and has deleted the sections accordingly. The amended version of H.B. 3292 H.D. 1, S.D. 1, eliminates any discrimination between individual and corporate trustees.

Finally, your Committee has deleted the cap on commissions paid to trustees.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3292, 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. 3292, H.D. 1, S.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Menor.

SCRep. 2634 Judiciary on H.B. No. 3595

The purpose of this bill is to add a new section to Chapter 415 which would allow corporations to assume the personal liability of its directors under certain circumstances and upon shareholder approval.

Your Committee agrees with the intent of the bill that the best qualified persons should serve on the boards of Hawaii's businesses. However, at the hearing on this bill, your Committee did not receive evidence that the quality and stability of Hawaii's corporations have been threatened because directors have become unwilling to serve or remain on the boards. The concern in the business community here as well as in other jurisdictions apparently has been generated by the Delaware case of *Smith v. Van Gorkom*, 488 A.2d 858 (Del. Supr. 1985). Notwithstanding the correctness or incorrectness of that decision and its applicability in Hawaii, your Committee believes that the impact this bill could have on the rights and interests of all parties must be thoroughly examined and balanced.

Your Committee has amended the bill in several ways. First, the word "assume" has been deleted and replaced so that the corporation shall have the power "to limit" the personal liability of its directors. Your Committee finds that in an action such as a shareholder's derivative suit, the "assumption" by the corporation of the director's personal liability would, in effect, be tantamount to the corporation suing and recovering monetary damages from itself. Your Committee finds that the personal liability of directors should be limited but not eliminated or assumed by the corporation.

Second, the bill has been amended to require the affirmative vote of the holders of three-fourths of the voting shares in order to limit the personal liability of the directors.

Third, a director's personal liability shall not be limited where the director:

1. Breached the duty of loyalty to the corporation or its stockholders;
2. Acted or failed to act in good faith, or has engaged in intentional misconduct or in knowing violation of the law;
3. Engaged in any willful or negligent violation of Chapter 415 as to payment of dividend or stock purchase or redemption;
4. Received an improper benefit in a transaction;
5. Acted in a grossly negligent manner; or
6. Violated State or Federal securities laws.

Fourth, written notice of the proposal to limit the personal liability of the directors shall be sent to all shareholders and copies of the written notice as well as the proposal, if any, shall be sent to the director of the department of commerce and consumer affairs. The department may promulgate guidelines as to the form of the written notice.

Fifth, a new section has been added which requires indemnification of officers by the board of directors for one-half of the expenses actually and reasonably incurred by the officer in defense of an action brought by or in the right of a corporation, except where the officer has been grossly negligent or has breached the duty of loyalty to the corporation.

Finally, section 415-5(c) has been amended to exclude officers because of the new section relating to indemnification of officers.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3595, 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. 3595, H.D. 1, S.D. 1, S.D. 2.

Signed by all members of the Committee except Senator Menor.

SCRep. 2635 Judiciary on H.B. No. 3338

The purpose of this bill is to clarify that, in construing Section 480-2, Hawaii Revised Statutes (HRS), the courts in Hawaii and the Office of Consumer Protection must give due consideration to, but are not bound to follow, rules, regulations, and decisions of the Federal Trade Commission and federal courts.

Chapter 480, HRS, was amended in 1987 with the addition of the subsection which is the subject of this bill. Your Committee believes that the present 1987 amendment may be subject to the interpretation that rules, regulations, and decisions regarding unfair methods of competition and unfair or deceptive acts or practices in the conduct of any trade or commerce in Hawaii shall follow the federal practices. This was not the intent of the 1987 amendment. Accordingly, this bill will preserve the references to federal authority in the 1987 amendment and allow the Office of Consumer Protection to promulgate rules and regulations and the courts to render decisions which will give due regard to Hawaii trends and laws.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 3338, and recommends that it pass Third Reading.

Signed by all members of the Committee except Senators Cobb, McMurdo, Tungpalan and J. Wong.

SCRep. 2636 Judiciary on H.B. No. 2080

The purpose of this bill is to consolidate and unify the procedures for criminal forfeiture and civil forfeiture under a single chapter, to add a multitude of criminal offenses which will be subject to forfeiture, to define those properties, including real property, which shall be subject to forfeiture with limited exceptions, and to provide for a new administrative forfeiture proceeding for personal property under \$100,000. The primary intent of the bill is to make crime unprofitable for the criminal by taking away his profits.

There are three key features to this bill. First, forfeiture of real property to the State is permitted. Second, where proceeds derived from the criminal activity are unreachable by the state, other properties of the convicted person may be substituted and forfeited. Third, administrative proceedings in lieu of judicial proceedings may be instituted where personal property to be forfeited is under \$100,000.

Your Committee heard testimony from the Honolulu Office of the Prosecuting Attorney in support of this bill, the Office of the Public Defenders opposing the bill and Title Guaranty of Hawaii testifying in favor of the intent of the bill but had serious reservations on the execution.

Your Committee believes that this bill is a laudable attempt to punish the criminal offender who commits crime for profit. Your Committee stands firmly behind this policy and will make every effort to achieve this intent. However, the resultant legislation that this bill would establish has the serious flaw that it is much too broad and will harm those innocent parties who may not have any involvement with crime.

For example, if an individual buys a parcel of land without knowledge that marijuana had been grown there three years before, his parcel may be forfeited if he subsequently discovered that the land was used previously for illegal purpose. Clearly, this result was not the intent of the bill, but the present broad language does permit this inequitable consequence.

Furthermore, your Committee finds that inclusion of a whole range of criminal offenses which would be subject to forfeiture is unwarranted, especially since existing incarceration penalties and fines may be imposed upon such violations. Indeed, existing federal provisions only impose forfeiture as to organized criminal activities and large scale drug distribution.

Upon review, your Committee amended this bill to accomplish the two main objectives of the law enforcement agencies supporting the passage of this bill including, imposing harsh penalties of criminal and civil forfeiture on drug dealers, and including real property among property subject to criminal forfeiture following conviction of certain drug offenses.

Accordingly, this bill is amended as follows:

1. Section 1, of the bill which establishes a new chapter for forfeiture, is deleted in its entirety.
2. §329-55 of the Uniform Controlled Substance Act is amended to permit civil forfeiture of conveyances such as automobiles, boats and airplanes upon distribution of controlled substances. Currently, the section permits forfeiture only upon sale or receipt of such substances.
3. A new section to chapter 712 is established to permit criminal forfeiture following conviction of certain serious drug offenses. The following are the major provisions of this new section:
 - a) Commission of those drug offenses involving distribution of illegal drugs and possession of dealership quantity of illegal drugs will subject the offender to property forfeiture.
 - b) Property subject to forfeiture include proceeds obtained as a result of the offense and property used in the commission of the offense. Real property shall be forfeited where there has been a significantly large use of the property in the manufacture, cultivation, growing or distribution of the illegal drugs.
 - c) Interest of third parties in the property will be protected if they did not have knowledge of or did not consent to the commission of the offense giving rise to forfeiture. These third parties must prove by a preponderance of the evidence of their interest and their lack of knowledge or consent. Your Committee finds that requiring these third parties to prove their lack of involvement is less onerous in criminal forfeiture than in civil forfeiture, since in the former the State must necessarily have proven beyond a reasonable doubt that the defendant committed the offense giving rise to forfeiture.
 - d) There are miscellaneous provisions regarding powers and procedures relating to seizures of property subject to forfeiture, the duty of the seizure officials pertaining to the seized property, and the requirement of notice.
 - e) Property owners and other interest holders have a right to petition the court to protect their interest in the property that has been seized.
 - f) Property forfeited shall be disposed of as provided in section 329-55(e), the current provision regarding forfeited property in the Uniform Controlled Substance Act. However, forfeited real property will be deemed to be public lands which will be administered by the Department of Land and Natural Resources.

Your Committee finds that the amended bill will afford the law enforcement agencies an effective weapon to remove the profit incentive in drug distribution rings. At the same time, there are sufficient safeguards so that the innocent third parties are protected from unnecessary overreach by the State.

Your Committee on Judiciary is in accord with the intent and purpose of H.B. No. 2080, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2080, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Menor.

SCRep. 2637 Ways and Means on H.B. No. 2483

The purpose of this bill is to provide for a supplemental appropriation to the Judiciary for the 1988-89 fiscal year.

Your Committee believes that the Judiciary is a complex and dynamic institution. Due to changes in technology, workload, and trends, the Judiciary requires the flexibility to respond to public needs. Your Committee encourages innovative and effective ways to accomplish this purpose.

Your Committee has also found that the Judiciary has lapsed substantial amounts of general funds in recent years. In fiscal year 1986 the Judiciary lapsed \$2,367,831; in fiscal year 1987, the Judiciary lapsed \$2,070,917.

Recognizing the need for flexibility and innovation, and the need for the Judiciary to be the master of its destiny, your Committee has loosened the restriction of the transfer authority of the chief justice. In an effort to urge the reallocation of personnel resources to meet current or emerging needs, the chief justice shall have the authority to transfer positions between programs without regard to the one percent restriction. The chief justice is encouraged to reallocate, reclassify, or transfer positions and the funding for those positions to establish new temporary positions or non-managerial permanent positions as needed, but the chief justice must remain within the authorized position count for permanent positions.

Circuit Courts

Act 262, SLH 1987, established the Home Detention Program as an alternative to confinement. Your Committee supports the program in an effort to reduce prison overpopulation and provides funding for electronic monitoring devices to aid the Adult Probation Division in the supervision of probationers in the program.

Your Committee has provided funds for per diem court reporters in the First Circuit. Although equipment was requested for the First Circuit, your Committee recognizes the need for court reporter equipment in various circuits, therefore, funding for lease of equipment has been provided for the First, Second, and Third Circuits.

To facilitate administration and scheduling in the Third Circuit, a mini-computer, personal computers, and a printer have been provided to network the Hilo and Kona courts.

Family Courts

It is our understanding that the Family Courts have been experiencing problems with the recruitment and retention of temporary staff. Your Committee has therefore provided position counts for Circuit Court Clerks in the First Circuit (Court Management Services), a position count for a Social Worker in the First Circuit (Juvenile Intake Section), and three additional position counts for Social Workers in the Second Circuit.

Due to the heavy workloads and backlogs experienced in the Family Courts, student helper funds have been provided in the First Circuit (Court Management Services) and temporary staff have been provided in the Second Circuit (Judicial Services).

District Courts

In order to better serve the public, funding for a new telephone system and digital sequencer is provided in the First Circuit (Traffic Violations Bureau). The Traffic Violations Bureau in the First Circuit is also provided with personal computers, data stations, and software to replace keypunch machines.

Your Committee has provided additional operating funds for the new Lahaina District Court which opened in November, 1987.

Due to problems in recruiting and retaining temporary clerical personnel, position counts have been provided for Clerk-Typists in the Second Circuit and for a District Court Clerk in the Third Circuit.

Administrative Director Services

To maintain the current level of services provided by temporary personnel, your Committee has restored funding of \$100,000 in fiscal year 1988-89 which had been deleted in Act 375, Session Laws of Hawaii 1987.

Due to the increased workload and backlogs, positions and funds for Pre-Audit Clerks (Accounting), Purchasing Specialists (Purchasing), and an Accountant (System Accounting) have been provided.

Your Committee recognizes the need for an on-line data management system for the planning and Statistics Office and provides funds for the lease of a mini-computer system.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2483, 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. 2483, H.D. 2, S.D. 2.

Signed by all members of the Committee.

SCRep. 2638 Ways and Means on H.B. No. 3102

The purpose of this bill is to amend Act 218, Session Laws of Hawaii 1987, to provide supplemental appropriations to the Office of Hawaiian Affairs (OHA) for fiscal year 1988-89.

Your Committee examined the supplemental budget request submitted by OHA and made provisions for those programs that would assist OHA in its efforts to implement the recommendations of the 1986 management audit and manage the ceded lands.

Your Committee believes, however, that OHA should consider as one of its priorities how best to aide in the educational, social, and health needs of the Hawaiian children. With the supplemental funds appropriated, OHA can work together with other agencies and develop pilot projects to help achieve the goals of the Hawaiians and Native Hawaiians.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. 3102, 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. 3102, H.D. 1, S.D. 2.

Signed by all members of the Committee.

SCRep. 2639 Ways and Means on H.B. No. 2081

The purpose of this Supplemental Appropriations Bill of 1988 is to amend the General Appropriations Act of 1987, which appropriates funds for the 1987-89 fiscal biennium.

THE SUPPLEMENTAL BUDGET IN PERSPECTIVE

The State's projected June 30, 1988, surplus, estimated by the administration to be some \$400 million when the supplemental budget was submitted, has resulted in a deluge of new funding requests. If the surplus materializes as projected--and there is a reasonable prospect that it could even be somewhat larger than previous estimates--it will be the largest surplus in the history of Hawaii. This favorable financial circumstance means that several key public investments and important program initiatives can be undertaken.

The surplus of the magnitude projected has not been developing because of any significant alteration and sustained surge of the State's economy. It has developed as a result of modest surpluses accumulating from year to year and the good sense shown by the administration not to propose spending to the last dollar available. It has also developed because of the one-time infusions to the general fund resulting from the liquor tax settlement, \$22 million in FY 1987 and \$95 million in FY 1988.

The State's financial condition is good, and it can remain good--at least for the remainder of the biennium--if the Legislature exercises spending discipline and safeguards the treasury with a financial cushion. The next budget which the Legislature must act on--for the period FY 1989-91--will take Hawaii into the last decade of the 20th century. That decade will usher in what many predict will be the era of the Pacific. Hawaii can assume and benefit from an important role in the era of the Pacific only if it can deal from a position of financial health and has the resources to propose and capitalize on new opportunities.

Therefore, your Committee has approached its spending decisions determined that the surplus shall not be dissipated and that a good portion of it should be retained to keep the State fiscally strong as Hawaii moves into the 1990s and a new era.

At the same time, your Committee has emphasized investment decisions over purely spending decisions, and it concurs with such investment proposals of the Governor to provide \$61 million for land banking and related capital improvements, \$120 million for housing development, and \$10 million for rental assistance, the latter two focusing on investments in people. While these three proposals alone account for nearly \$200 million or nearly half of the projected surplus, they are worthwhile investments, and your Committee is in complete support of them.

There are many other proposals which your Committee has considered, not all of which could be accommodated. For example, a total of \$33 million for FY 1989 was appropriated last session for grants and purchases of service involving private organizations. This session, your Committee received and considered an additional \$20 million in requests from private agencies, and it made difficult, selective funding decisions totalling \$6.4 million. Similarly, other spending proposals have had to be pared down or deferred.

Your Committee's supplemental budget incorporates for the most part the projects and programs recommended by the Governor, with his emphasis on economic development, education, and human resources, as well as Senate initiatives gathered from your Committee and the subject matter committees. Collectively, the supplemental budget and the other programs provided for in separate Senate bill measures represent your Committee's efforts to provide the State with the foundation and stimulus to move with confidence into the next crucial decade.

In the remainder of this report, your Committee presents the highlights of some of its decisions and considerations.

ECONOMIC DEVELOPMENT

Tourism. Last session, the Legislature provided the Department of Business and Economic Development with a stronger leadership and coordinating role in the tourism program through a strengthened State Tourism Office and direct control over the vastly increased funding for tourism marketing and promotion. While it was expected that the department would provide sufficient details and supporting analysis to justify its general fund request of some \$15 million for FY 1988, the necessary details have not been submitted. As a result funding remains at the amount appropriated last year. Your committee has identified and added \$1.265 million to promote Hawaii tourism at the Fukuoka Exposition and \$500,000 for the promotion of Hawaiian culture and the arts. Your Committee holds out the possibility of funding the tourism program at a higher level, but this would be contingent entirely on the department providing the Senate with adequate information before final decisions are made.

Promotion of goods and services. Hawaii has a unique opportunity to expand the export potential of its goods and services and at the same time, assist in the effort to reduce America's trade deficit with Japan, viewed by many as crucial to the country's economic health and its position in the international economy. In the interest of improving U.S.-Japan relations, the Japanese are developing an American Train to provide a traveling showcase throughout Japan for American goods and services. The American Train is scheduled to begin on July 4, 1988, to visit 50 cities in Japan, and more than 10 million people are expected to visit the train. An appropriation of \$2.75 million will make possible a specially designed car for Hawaii which will promote a variety of Hawaii economic interests, including those of corporations, agricultural producers, textile manufacturers, and goods and services unique to Hawaii. As recommended by the administration, the amount of \$2.75 million is appropriated.

Capital investment. The following are among the construction projects funded by your Committee in support of economic development: the Manoa Innovation Center, \$6.9 million; the Maui Research and Technology Center, \$5.7 million; start-up funds for small business incubators for the neighbor islands; expansion of Hawaiian Abalone Farms for another salmon pond, \$1.5 million; construction funds for geothermal resource development on the Big Island, \$3 million; and water projects in the Kula area, \$3 million.

TRANSPORTATION FACILITIES AND SERVICES

The appropriations made last session to meet the operating costs of the highways, harbors, and airports programs have been found for the most part to be adequate. However, your Committee believes that there is a need in the interest of public safety to strengthen the airports program in two areas. An appropriation of \$2.5 million has been included to strengthen crash fire rescue services at airports throughout the State, and some \$342,000 has been added to augment the security and predeparture inspection programs. With respect to capital improvements, the major projects which have been funded included \$9.2 million for improvements to the Barbers Point Deep Draft Harbor, \$900,000 for Nawiliwili Harbor, and \$600,000 for Kaunakakai Harbor.

HEALTH

Emergency medical services. There are few programs where time is more critical than the program for emergency medical services. To prevent death and reduce suffering, it is imperative that medical assistance be delivered speedily to the scene of the emergency, and speed is also essential if the patient needs to be transported to a medical facility for treatment. Timely response has been difficult in some areas of the State because of the distances between where an emergency ambulance is based and the community requiring the service. To alleviate this shortcoming, additional communities will have home-based emergency ambulance stations. An appropriation of \$1.1 million will enable emergency stations to be established in Hawaii Kai and Ewa, expansion of the limited emergency service in Waiialua to 24-hour service, and the provision of backup service to supplement the existing service in Lahaina.

County/state hospital program. In reporting on the county/state hospital program, the Legislative Auditor found that the hospital system has been realizing unencumbered cash balances. The import of this finding is that general fund appropriations have been made in situations where special fund receipts have been sufficient to meet authorized expenditure requirements. To correct the situation in the current budget, your Committee has identified those situations where there are surpluses, and in such cases, the general fund appropriations have been reduced and special fund receipts (hospital revenues) have been substituted as the source of funding.

Nurses. The shortage of nurses in Hawaii is critical as it is in many parts of the United States. Additional instructor positions have been provided to the University of Hawaii's School of Nursing with the objective of recruiting and training more students and increasing the supply of nurses in Hawaii. Through other legislation, funds have also been provided to encourage nurses elsewhere to practice in Hawaii. The funds are to be used in the form of bonuses and in the form of paying nurses for their expenses in moving to Hawaii.

Laboratory complex. A modern and efficient health laboratory has long been one of the Department of Health's most pressing needs. Funds were previously appropriated for preliminary planning of a new laboratory complex, and your Committee is following through with design funds in the amount of \$1.639 million.

SOCIAL SERVICES

Long-term care. Massive changes are under way in Medicare which will provide far greater protection to the elderly who suffer catastrophic illnesses. However, while significant gains are being made in hospital and medical care, the changes in Medicare do not increase the existing meager coverage for long-term care. Virtually all of the presidential candidates have pledged that long-term care will be high on the national agenda, but it is speculative whether any concrete programs can be expected soon from the federal government. Meanwhile, the problem of long-term care will become more serious, and it is urgent that Hawaii devise its own strategy for meeting the needs of the elderly and others.

Because of its prior studies and experience, the Executive Office on Aging is the logical agency to devise a plan and recommend a strategy for the provision and financing of long-term care in Hawaii. Your Committee has appropriated \$267,000 to that office in the expectation that the result will be a plan that can be put into effect independently of any federal support or action and that it will also be sufficiently flexible to allow program adjustments to be made should the federal government ultimately intervene.

Public assistance allowances. By a separate measure, your Committee has recommended a major change to public welfare assistance allowances which will result in a higher level of benefits for recipients. The change is to tie the State's standard of need--and therefore, the assistance allowance--to the poverty standard established by the federal government. Beginning on July 1, 1988, the legislation supported by your Committee will establish the assistance allowance at 60 percent of the federal poverty standard. This is not an extravagant adjustment, but it provides a more reasonable standard and continuing mechanism to enable recipients to obtain the basic necessities of life.

Permanency planning for children. Adjustments have been made in federal funding authorizations for Title IV-B, Child Welfare Services, and title IV-E, Foster Care and Adoptions Assistance, to meet requirements for permanency planning for children. In addition, a number of social service assistant positions have been provided statewide to promote parent-child visits and family reunification of children who have been placed out of the home.

Elderly protective services. Permanent positions have been authorized for the specific function of conducting investigations and providing casework intervention on behalf of victims of elderly abuse or neglect. This is an area which your Committee believes should be carefully monitored, and your Committee expects the Department of Human Services to keep the Legislature informed of the magnitude of the problem and its recommendations for appropriate intervention.

Medicaid Option for Mothers and Infants (MOMI). Your Committee has consistently stressed the importance of prevention programs, whether it is in the area of crime prevention, education, or health. This emphasis on prevention is continued through the funding of a new Medicaid program known appropriately by its acronym MOMI. This program will enable indigent women to receive prenatal care and for children up to one year old to receive primary care. New federal provisions encourage the establishment of more liberal eligibility standards and access to health care for pregnant women, and therefore, the MOMI program is being launched at an opportune time.

Housing. Your Committee is in full support of the major housing proposals of the Governor and considers them to be of the highest priority for legislative action this session. Among the other specific projects authorized are \$4 million for elderly housing facilities in Wahiawa, \$250,000 for design funds for Waiahole agricultural park and residential lots, \$185,000 for plans and design of elderly housing facilities in Waipahu, and \$75 million in revenue bonds for the financing and refinancing of rental housing projects.

Help for the homeless. There have been numerous proposals to provide shelter for the homeless, and your Committee believes that the longer term programs need to be further analyzed before being adopted. Nonetheless, the plight of the homeless is real, and quick measures must be applied. Your Committee has provided \$250,000 for each county to be used to renovate existing facilities for shelters for the homeless.

LOWER EDUCATION

Last session, your Committee successfully fought for the enactment of one of the largest increases in the budget for the public school system with the emphasis on programs of direct benefit to students. This session began with the fulfillment of a commitment to teachers as demonstrated by the legislature's approval of the collective bargaining cost items calling for \$15 million in salary increases in FY 1988 and \$41 million in FY 1989. Your Committee has now turned to the third important partner in education--the parents whose support of their children and their schools is decisive to success in education. In providing for additional resources to education, the focus has been on parents as well as on those programs which can be easily installed or delivered without burdening the schools with additional requirements.

Distance learning-technology. The distance learning project is in pursuit of a long-standard objective: equal educational opportunities for all students, barrier-free education, improved quality of instruction, and efficient use of resources. Through modern technology, distance learning will deliver education to students through several components. (1) TELEclass will increase the interisland, national, and international telephone contacts, including videophone for students and teachers. Foreign language classes and other subject areas will be enhanced. (2) Learning Link will enable students and teachers to retrieve and exchange information on any topic covered by its databases. (3) HAWAIIKIDS will enable special education students to use portable microcomputers with built-in modems and telephone lines to connect with other students across the country. (4) Through the Computer-Assisted Instruction and Career Kokua Networks, students will be able to engage in various combinations of international, national and local communication and educational activities. (5) Hawaii Interactive Television and Cable Television will enable lessons and databases to be sent and received interactively through existing and developing television links.

An appropriation of \$540,105 has been made to enable program components of distance learning to be pilot tested in a number of schools and move the public school system towards a new horizon in education.

Parent/community networking centers. The objective of parent education is to provide parents and other members of the community with experiences and knowledge to help them learn and practice ways to develop personal esteem, a strong belief system, and a prudent reasoning process for themselves, their children, and the people around them. The pursuit of this objective is being accomplished through parent networking centers, 34 of which have already been established with 20 more proposed to be implemented. Additional resources will make possible the continuation of the existing parent networking centers and the expansion to new sites.

Language Arts Multicultural Program (LAMP). This program has had marked success in helping underachieving students on the Big Island. Teachers and aides have worked with the DOE staff to provide direct help to students through

educational enrichment and tutoring. Through increased motivation, underachieving students have improved their reading, writing and speaking skills. The success of the LAMP program is exemplified by the 95 percent high school graduation rate of former LAMP students. An increase in resources to LAMP will enable the program to be expanded to other communities.

Military education coordinators. The children of military personnel often encounter adjustment problems in the unfamiliar local school environment. To assist these students and their families, your Committee is providing for three military education coordinator positions to service the Central, Leeward, and Windward school districts. These coordinators will conduct orientation sessions for military families with children in public schools and will function as their advocates in resolving problems which these families and their children may encounter in the schools.

Special education. Funds for additional classroom positions were requested by the Department of Education to meet the basic staffing needs of special education as well as to implement the new staffing standards for special education classes which were adopted by the Board of Education. The resources for special education have been augmented by an additional \$4.9 million and 365 positions. These additional resources will especially benefit the severely handicapped who require special classes and special teachers. The department should now focus on those children who are mildly handicapped and who are in regular classrooms. These classrooms should be assessed to determine what kinds of improvements can be made to assist teachers so that the mildly handicapped and the other students in regular classrooms can receive the full benefit of instruction.

Financial management. The Department of Education has characterized its financial system as "operating in the dark ages" and that "its cumbersome, centralized ... system generates a paper blizzard and excessive red tape for overburdened school employees." It has proposed a general overhaul of the system. Your Committee is supporting the first phase of the new system with an appropriation for its development and installation. At the same time, your Committee urges that subsequent phases be carefully analyzed, especially the proposed development of a completely independent payroll system. Caution is advisable especially in view of the University of Hawaii's decision, after analysis, to forego a separate payroll system.

School facilities. Your Committee reviewed the issue of the repair and maintenance of school facilities and finds that the appropriations for the biennium are sufficient. However, there is a need for the construction of additional classrooms and other facilities at various schools. Appropriations have been made to meet these needs throughout the State, including the strongly expressed and community supported need for a library and cafeteria at Sunset Beach Elementary School for which design funds have been provided.

HIGHER EDUCATION

The needs of higher education are many. Highest among the University of Hawaii's supplemental budget priorities are funds to meet critical deficiencies resulting from unanticipated increases in operating costs. Cited were the increased costs for electricity, medical malpractice insurance, and student employee wages. Your committee has provided the necessary funding to cover these shortfalls. It has also taken appropriate steps to meet the following needs.

Addressing the Nursing Shortage. As already noted, an acute shortage of nurses currently exists in the State of Hawaii. To help address this problem, your committee has provided funding to substantially increase enrollment of nursing students.

Hawaiian Studies. The State Constitution mandates that the State of Hawaii promote the Hawaiian language, culture, and history. Your committee has increased funding for instructional and counselor positions at various campuses of the university system.

Minority Student Program. Research by the University of Hawaii and the General Accounting Office indicates that native Hawaiians, Filipinos, and other ethnic groups are under-represented at the University of Hawaii and in the various business professions. Your committee has provided additional funds to help address this problem.

Assistance for Graduate Students. Graduate assistants are an indispensable part of the university's teaching and research program. Hawaii's high cost of living and the relatively low level graduates stipends make it difficult to attract such needed graduates. Your committee has found that the increase in graduate stipends is warranted and recommends full funding of the university's request.

Pay Equity for Student Employees. Of equal importance to a university is the help provided by undergraduate students. Act 224 of 1987 significantly affected the cost and rate by which the University compensates all of its student employees. To restore pay equity and forestall cutbacks in student services and wages, your committee has increased funding to cover the shortfall.

Repair and Maintenance. During prior years of fiscal austerity, repair and maintenance of many educational facilities was postponed or left undone. The 1987 Legislature provided substantial sums of monies to correct these deficiencies. Your committee has provided an additional \$2,000,000 for needed repair and maintenance of other educational facilities.

PUBLIC SAFETY

Corrections. Your Committee has funded a number of improvements. These include funds and positions for educational program at the Halawa, Waiawa, and Women's facilities and funds to develop educational plans for the Maui, Kauai, and Hawaii facilities. In addition, funds and positions have been provided to expand medical services, including additional nurses for the Kulani, Waiawa, Hawaii and Kauai facilities, and on-site physician and dental services for Waiawa. The sum of \$100,000 has been provided for special repair and maintenance projects statewide, and funding has been included for the Comprehensive Corrections Management Information System and the Integrated Operational

Information System. Your Committee transferred a number of positions from the Oahu Community Correctional Center to other facilities as recommended by the Henderson report.

Correctional facilities. The major capital improvements which are being funded include \$4.755 million for new detention and support facilities at Oahu Community Correctional Center. Also being funded is the design of a new Hawaii Women's Correctional Facility which is intended to provide a comprehensive correctional program for up to 200 inmates.

GOVERNMENT-WIDE SUPPORT

Electronic data processing. A number of computer-related and telecommunication advances are being funded to improve the management and operations of state agencies. These include funds for a microwave communications backbone capable of handling the State's voice, data, and video communication needs; video conferencing centers in three neighbor island locations and the State Capitol complex; a statewide image processing system so that users can access microfilm or optical laser disk image files; and a study to determine the needs for satellite communications and the location of a satellite upline to enable the Hawaii state government to reach into the Pacific, Asia, and other areas.

Aid to counties. An additional \$6 million is being appropriated as grants-in-aid to the counties. This funding is in addition to various grants which have been provided in support of specific public works projects in the counties.

RECOMMENDATION

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2081, H.D. 1, as amended herein, and recommends that it pass Second Reading in the form attached hereto as H.B. No. 2081, H.D. 1, S.D. 1, and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2640 Government Operations on H.B. No. 2209

The purpose of this bill is to allow the counties to establish maintenance assessment districts, to ensure the maintenance of public facilities and public improvements.

The maintenance program could include sweeping and cleaning sidewalks and malls; replacing broken brick, tile or other surfaces; repairing street furniture, publication dispensers and litter containers; maintaining landscaping or similar kinds of maintenance.

The cost of maintenance is to be borne by property owners specifically benefited; but nothing in this bill precludes the counties from accepting proposals, from the property owners, for maintenance to be accomplished under a private agreement between the property owners and a third party.

Your Committee considered testimony, in support of a companion Senate bill, from the Department of Transportation Services of the City and County of Honolulu, the Downtown Improvement Association and the Waikiki Improvement Association.

Your Committee on Government Operations is in accord with the intent and purpose of H.B. No. 2209, S.D. 1 and recommends that it be placed on the calendar for Third Reading.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 2641 Business Development and Pacific Relations on H.B. No. 3448

The purpose of this bill is to require developers of condominium projects developed under the enabling statutes of the Hawaii community development authority (chapter 206E, Hawaii Revised Statutes), to comply with the requirements of part VI of chapter 514A, Hawaii Revised Statutes (HRS).

Part VI of chapter 514A, HRS, requires developers to offer to sell at least fifty per cent of the units in a condominium project to prospective owner-occupants. The various provisions of part VI are designed to give notice to potential owner-occupants of the availability of condominium units and to establish procedures to ensure that owner-occupants are given preference in purchasing at least fifty per cent of the units in a project. The intent of the law is to allow potential owner-occupants a reasonable opportunity to purchase units and thereby place some restraints on sales to investors and speculators.

Section 514A-108, HRS, exempts projects developed under certain provisions of Hawaii law, including chapter 206E, from the requirements of part VI of chapter 514A. The exemption was apparently intended to apply to projects developed in accordance with certain government sponsored housing programs.

Your Committee received supporting testimony for the companion to this bill, S.B. No. 3186 from the Hawaii community development authority. Your Committee finds that condominium projects in the Kakaako District, which are developed in accordance with chapter 206E, HRS, should not be exempt from section 514A-108, HRS, since these projects may include market priced units developed by private developers as well as government sponsored projects. Additionally, the pre-sale requirements of chapter 514A would not be onerous for government subsidized units or units which the private developer is required to set aside for low- or moderate-income families. The Hawaii community development authority's current policies and practices already require these units to be occupied by the owner.

Your Committee believes that the application of pre-sale requirements to projects developed under chapter 206E, HRS, is a more equitable application of the law and is consistent with the intent of the law. Your Committee agrees with the testimony that the exemption for such projects should be removed.

Your Committee on Business Development and Pacific Relations is in accord with the intent and purpose of H.B. No. 3448 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2642 Housing, Hawaiian Programs and Natural Resources on Gov. Msg. Nos. 107, 108 and 109

Recommending that the Senate advise and consent to the nominations of the following:

EDWARD CLAYTON STEVENSON and GEORGE YOKOYAMA to the Hawaii Housing Authority, for terms ending June 30, 1988;

JANET YAGI-BUEN to the Hawaii Housing Authority, for a term ending June 30, 1990;

EDWARD RYOICHI AOTANI, DENNIS MITSUAKI ESAKI and AL M. YAMAMOTO to the Housing Finance and Development Corporation, for terms ending June 30, 1991;

MICHAEL J. CHUN, Ph.D., and ROBERT S. NAKATA to the Commission on Water Resource Management, for terms ending June 30, 1991; and

RICHARD H. COX and GUY K. FUJIMURA to the Commission on Water Resource Management, for terms ending June 30, 1989.

Signed by all members of the Committee.

SCRep. 2643 Culture, Arts and Historic Preservation on Gov. Msg. Nos. 159 and 220

Recommending that the Senate advise and consent to the nominations to the Hawaii Historic Places Review Board of the following:

LLOYD J. SOEHREN, MARIE DOLORES "DOLLY" STRAZAR, Ph.D., FRED CACHOLA, Jr., LINDA NISHIGAYA, Ph.D., and WILLIAM J. BONK, Ph.D., for terms ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2644 Military and Civil Defense on H.B. No. 3486

The purpose of this bill is to allow any commissioned officer of the armed forces of the United States to administer oaths to prospective members of the Hawaii National Guard.

Under current law, only commissioned officers of the Hawaii National Guard are authorized to administer oaths and affirmations to Hawaii Guard inductees. This creates a limitation on the recruitment of prospective Guard members through a new procedure implemented by the federal government called the Military Entrance Processing Stations or "MEPS" program. In this program, persons completing active duty obligations who wish to join the National Guard or Reserves can be sworn into the National Guard or the Reserves of any state at the separation center. This makes it possible for active duty military officers, anywhere in the world, to administer oaths to Guard and Reserve forces before they actually separate from Federal service.

However, due to present legal provisions concerning the administration of oaths, Hawaii is the only state in the nation unable to take advantage of this program.

This bill would facilitate recruitment of prior service personnel and assist the Hawaii National Guard in maintaining its personnel strength commitments.

Your Committee on Military and Civil Defense is in accord with the intent and purpose of H.B. No. 3486 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2645 Military and Civil Defense on Gov. Msg. No. 224

Recommending that the Senate advise and consent to the nominations of REUBEN YOSHIDA and GABE K. KILAKALUA JR. to the Civil Defense Advisory Council, for terms ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2646 Consumer Protection and Commerce on H.B. No. 2356

The purpose of this bill is to continue the existence of Chapter 373, Hawaii Revised Statutes, "Commercial Employment Agencies," until December 31, 1994.

In addition, the bill makes the following changes to strengthen and clarify several of the provisions of Chapter 373:

- (1) Requires each commercial employment agency to file an annual schedule of its placement fees for the ensuing year with the Director of Commerce and Consumer Affairs, and requires the Director to annually compile and make available to the public a listing of fees charged by licensed employment agencies; and
- (2) Requires that a contract between an applicant and an agency shall contain a statement indicating that fees charged are in accordance with fees filed with the Department and that a listing of fees is available for public inspection; a prominently displayed statement that no fee will be paid until the job applicant obtains employment and receives his first paycheck, provided that this will not apply to employer fee paid placements; and a statement that the applicant has the right to have the agency produce for review a copy of the law and rules regulating the practices of commercial employment agencies.

Your Committee finds that commercial employment agencies should continue to be regulated to protect the public from unfair practices and that this bill serves this purpose and is in the public interest.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2356, 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. 2647 Consumer Protection and Commerce on H.B. No. 3295

The purpose of this bill is to transfer jurisdiction over foreign lenders from the Business Registration Division to the Division of Financial Institutions within the Department of Commerce and Consumer Affairs.

Specifically, the bill provides that the statement filed by a foreign lender to operate in this State shall be accompanied by a registration fee of \$30, which fee shall be nonrefundable even in the event of denial. In addition, foreign lenders who are currently registered shall pay an annual renewal fee of \$30 in order to maintain the immunities and privileges granted.

The bill further requires the annual renewal fee to be due on or before June 30 of each calendar year, and failure to submit the annual renewal fee shall result in the automatic cancellation of any statements filed but shall not retroactively affect or impair any of the immunities provided. Also, the Commissioner may extend the time period for filing a renewal fee for an additional thirty days of each calendar year if good cause is shown.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and finds that this bill will enable the Division of Financial Institutions to monitor foreign lenders who are doing business in Hawaii, and that the annual renewal fee would provide the Division with a method of determining whether or not certain institutions are still doing business in the State.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3295 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2648 Consumer Protection and Commerce on H.B. No. 3525

The purpose of this bill is to clarify the bonding requirements for a cemetery and pre-need funeral authority licensee.

This bill also provides for a conditional licensure status where notice of termination, cancellation, or expiration of the bond has been received, and sets forth the terms of such conditional status and clarifies and adds to the provisions relating to surrender of a license. A new section is also added to chapter 441, Hawaii Revised Statutes, providing for the transfer of a license.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and finds that these provisions will help to strengthen the ability of the State to protect the public through the regulation of cemeteries and mortuaries.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 3525, 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. 2649 Consumer Protection and Commerce on H.B. No. 2354

The purpose of this bill is to allow an industrial loan company to make loans secured by improved residential real properties using the most recent real property tax assessment value, under certain conditions.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and the Hawaii Financial Services Association, and finds that this bill will benefit industrial loan companies and their customers in three major ways. First, the selective use of tax assessed values will save customers appraisal expenses which they otherwise would have had to pay. Second, industrial loan companies will be better able to compete with other financial institutions which presently offer residential real estate loans without appraisals. Third, the tax assessed value is a conservative valuation of residential property and would provide an adequate underwriting standard for real estate loans.

This bill, in the opinion of your Committee, represents a significant improvement to existing underwriting standards and, as a further measure of value, has explicit guidelines to prevent the usage of tax assessed valuation in lieu of an appraisal under inappropriate situations.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2354 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2650 Business Development and Pacific Relations on S.C.R. No. 18

The purpose of this concurrent resolution is to request the Pacific International Center for High Technology Research (PICHTR) to examine the Exclusive Economic Zone (EEZ) needs of the American Affiliated Islands in the Pacific.

The concurrent resolution notes that Hawaii, in general, and the PICHTR, in particular, is well-suited to serve as an EEZ planning and coordinating center, first for the American Flag Pacific Islands, second for the Freely Associated States, and later for other island nations in the South Pacific.

Your Committee recognizes that geographically and politically, the Pacific Islands merit a separate evaluation of their EEZs, and that a master plan of scientific and technological research will result in a more effective use of federal funds which may be available for the pursuit of this program. However, your Committee is concerned that the concurrent resolution impliedly expands the role of the PICHTR to include the overall EEZ planning, coordination, and policy development, which would overlap with responsibilities of the Governor's EEZ Policy and Working Committees.

The EEZ Policy and Working Committees include representation from the Office of State Planning, the Departments of Business and Economic Development, Transportation, Land and Natural Resources, the Attorney General, and the Pacific Basin Development Council. In addition, the Office of State Planning has been assigned by the Governor to work with the National Governors' Association, the Western Governors' Association, the Pacific Development Council, and the Coastal States Organization, to develop policies and programs which pursue a greater management role for coastal states and Territories within the U.S. EEZ.

Your Committee has amended the concurrent resolution by:

- (1) Clarifying that the PICHTR will not serve as a planning and coordinating center;
- (2) Requesting the PICHTR to submit its response to the Governor, the Board of Directors of the Pacific Basin Development Council, in addition to the Legislature and Hawaii congressional delegation prior to the convening of the Regular Session of 1989;
- (3) Requesting that copies of the concurrent resolution be transmitted to the Governor and the Board of Directors of the Pacific Basin Development Council, in addition to Dr. Paul C. Yuen, Acting President of the PICHTR and Hawaii's congressional delegation; and
- (4) Making clarifying language changes within the title and the body of the concurrent resolution, which have no substantive effect.

Your Committee on Business Development and Pacific Relations 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. 2651 Consumer Protection and Commerce on H.B. No. 2358

The purpose of this bill is to extend the Board of Dental Examiners until December 31, 1994 and to repeal the provision which allows the Board to refuse to issue a license on the basis that the applicant lacks good moral character.

Your Committee received supporting testimony from the Board of Dental examiners and the Hawaii Dental Association and finds that the Board continues to serve a useful function in protecting the public and providing a framework upon which the dental profession may continue to improve the quality of dental care available to consumers. Your Committee also finds that good moral character requirements are legally suspect and should be eliminated from Hawaii law whenever possible.

Your Committee wishes to mention three points regarding dentistry regulation in Hawaii. First, your Committee recommends that the Board of Dental Examiners update its written examination on state laws and rules.

Second, your Committee urges the Board to update its definitions and requirements relating to use of sedation and anesthesia in the dentist's office.

Finally, your Committee wishes to make reference to the fact that the previous House committee deleted the provision which would have allowed non-professional corporations to provide dental services. In a legal opinion, the Attorney General's Office expressed disagreement with the Office of the Legislative Auditor over current statutory provisions which restrict ownership of a dental practice to licensed dentists and prohibit corporations from providing dental services. The Board maintains that easing or lifting such restrictions could potentially lead to unscrupulous practices by unlicensed

persons and endanger the public health and safety. Your Committee tends to agree and has therefore left this bill unamended.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2358, 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 Chang.

SCRep. 2652 Public Utilities on S.R. No. 98

The purpose of this resolution is to request the legislative auditor to conduct an audit of the Public Utilities Commission (PUC).

This resolution also requests an analysis and update of the appropriate Hawaii Revised Statutes.

It has been thirteen years since the PUC has been audited. In the intervening thirteen years, technology, particularly in the field of telecommunications, has made significant changes to the regulated business environment. In some cases, such as common premises communication services, new businesses which have been created may not clearly fit into defined areas of regulated service.

Your Committee received supportive testimony from the Department of Commerce and Consumer Affairs, as well as Long Distance USA, a locally owned interstate telecommunications provider. The Hawaii Transportation Association, a private local association of transportation providers that includes some common carriers in its membership, opposed the resolution citing the role of the Consumer Advocate as the problem. The PUC provided no testimony.

Your Committee finds that the intent of this resolution is to examine the regulatory role of the Commission, as well as the applicability of the statutes that define and limit the responsibilities of the PUC. Your Committee agrees that the Division of Consumer Advocacy, which has the statutory responsibility to represent, protect, and advance the interests of consumers of utility and regulated transportation services before the PUC, is part of the regulatory process. As such, the role of the Consumer Advocate should not be eliminated from an examination of the regulatory responsibilities under the jurisdiction of the PUC.

Your Committee finds that the regulatory role of the PUC is becoming more complex each year because of rapid advances in technology, subsequent creation of new services, and the deregulatory approach of federal agencies such as the Federal Communications Commission. Therefore, the importance of the local regulatory agency has changed significantly.

Your Committee has amended this resolution to correct a typographical error which has no substantive effect.

Your Committee on Public Utilities concurs with the intent and purpose of S.R. No. 98, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as S.R. No. 98, S.D. 1.

Signed by all members of the Committee.

SCRep. 2653 Public Utilities on S.C.R. No. 89

The purpose of this concurrent resolution is to request the legislative auditor to conduct an audit of the Public Utilities Commission (PUC).

This concurrent resolution also requests an analysis and update of the appropriate Hawaii Revised Statutes.

It has been thirteen years since the PUC has been audited. In the intervening thirteen years, technology, particularly in the field of telecommunications, has made significant changes to the regulated business environment. In some cases, such as common premises communication services, new businesses which have been created may not clearly fit into defined areas of regulated service.

Your Committee received supportive testimony from the Department of Commerce and Consumer Affairs, as well as Long Distance USA, a locally owned interstate telecommunications provider. The Hawaii Transportation Association, a private local association of transportation providers that includes some common carriers in its membership, opposed the concurrent resolution citing the role of the Consumer Advocate as the problem. The PUC provided no testimony.

Your Committee finds that the intent of this concurrent resolution is to examine the regulatory role of the Commission, as well as the applicability of the statutes that define and limit the responsibilities of the PUC. Your Committee agrees that the Division of Consumer Advocacy, which has the statutory responsibility to represent, protect, and advance the interests of consumers of utility and regulated transportation services before the PUC, is part of the regulatory process. As such, the role of the Consumer Advocate should not be eliminated from an examination of the regulatory responsibilities under the jurisdiction of the PUC.

Your Committee finds that the regulatory role of the PUC is becoming more complex each year because of rapid advances in technology, subsequent creation of new services, and the deregulatory approach of federal agencies such as the Federal Communications Commission. Therefore, the importance of the local regulatory agency has changed significantly.

Your Committee has amended this concurrent resolution to correct a typographical error which has no substantive effect.

Your Committee on Public Utilities 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.

SCRep. 2654 Culture, Arts and Historic Preservation on Gov. Msg. Nos. 159 and 220

Recommending that the Senate advise and consent to the nominations to the Hawaii Historic Places Review Board of following:

MARIE DOLORES "DOLLY" STRAZAR, Ph.D., FRED CACHOLA JR., LINDA NISHIGAYA, Ph.D., and WILLIAM J. BONK, Ph.D., for terms to expire June 30, 1992.

Signed by all members of the Committee.

SCRep. 2655 Consumer Protection and Commerce on H.B. No. 2339

The purpose of this bill is to protect the public from the intrusion and harassment which can result from the use of automatic announcing or automatic dialing-announcing devices to initiate telephone solicitation calls.

Testimony indicated that the Public Utilities Commission presently has a tariff which prohibits this practice. However, the penalty for violation of this tariff is merely the discontinuation of telephone service. Your Committee finds that this penalty does not provide sufficient deterrence and endorses the provisions in this bill which would apply the stiffer penalties for improper solicitation to the improper use of these devices.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2339, 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 Matsuura and Nakasato.

SCRep. 2656 Consumer Protection and Commerce on H.B. No. 2349

The purpose of this bill is to extend the repeal date of Chapter 465, Hawaii Revised Statutes (Board of Psychology), to December 31, 1994. Chapter 465 is currently scheduled for repeal on December 31, 1988.

Your Committee finds that Chapter 465 serves a viable function in that it serves to protect the consumer by ensuring that only qualified individuals are allowed to practice psychology in Hawaii.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2349, 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 Matsuura and Nakasato.

SCRep. 2657 Consumer Protection and Commerce on H.B. No. 2357

The purpose of this bill is to extend the repeal date of Chapter 442, Hawaii Revised Statutes, (Board of Chiropractic Examiners), to December 31, 1994. The Board is currently scheduled for repeal as of December 31, 1988.

The bill also requires applicants to pass the written clinical competency examination as well as parts I and II of the National Board of Chiropractic Examiners written examination in order to qualify for the state chiropractic examination.

Your Committee received supporting testimony from the Board of Chiropractic Examiners and finds that this bill will strengthen the ability of the State to regulate the practice of chiropractic and protect the consuming public.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2357, 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 Matsuura and Nakasato.

SCRep. 2658 Consumer Protection and Commerce on H.B. No. 2404

The purpose of this bill is to amend the Professional Corporation Act to clarify that liability coverage provided under Chapter 435E, Hawaii Revised Statutes, meets the liability insurance coverage requirement for professional corporations under Chapter 415A.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and the Hawaii Association for Physician's Indemnification, and finds that this measure clarifies current law and reflects current practice, and thus satisfies State regulatory requirements and the needs of Hawaii's medical professional corporations.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2404, 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 Matsuura and Nakasato.

SCRep. 2659 Ways and Means on H.B. No. 2904

The purpose of this bill is to permit the University of Hawaii at Manoa to use its malpractice special fund to establish and administer a self-insured reserve for a professional malpractice self-insured program, and to fund the special fund with general funds appropriated for purposes not inconsistent with the purposes of the fund.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2904, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2660 Ways and Means on H.B. No. 2429

The purpose of this bill is to repeal chapter 242, Hawaii Revised Statutes, which exempts from taxes and fees income from certain mortgage loans made before 1964.

Your Committee heard testimony on the companion measure to this bill, S.B. No. 2051, and agrees with the department of taxation that this chapter should be repealed because it is obsolete.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2429 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2661 Ways and Means on H.B. No. 3512

The purpose of this bill is to amend the state income tax law to reflect changes to provisions of the Internal Revenue Code operative for state tax computation, which were amended by Public Law 100-203, the Revenue Act of 1987.

The largest number of amendments were made to business tax provisions affecting accounting provisions. Most of these amendments have little impact on the Hawaii law. Adoption of these changes assures continued state conformity with federal income tax provisions and minimizes the taxpayer's burdens in complying with the income tax law.

This bill is identical to S.B. No. 2825 which was heard by your Committee on February 17, 1988. At that time your Committee heard supporting testimony on the identical issues raised by this bill.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3512 and recommends that it pass Second Reading and be placed on the Calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2662 Ways and Means on H.B. No. 3522

The purpose of this bill is to change the dates the council on revenues is required to report its estimate of total state personal income from July 15 and October 15 to July 20 and October 20, respectively.

This bill is a companion to S.B. No. 2835. Your Committee heard testimony on the companion and agrees with testimony presented that the reporting dates should be revised so the council on revenues has sufficient time to prepare its estimates since they now receive from the United States Department of Commerce at a later time the data upon which the council bases its estimates.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3522 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2663 Ways and Means on H.B. No. 2042

The purpose of this bill is to provide funds for and to offset costs for research performed by the sugar industry.

This bill appropriates \$3,000,000 for sugar research and development in fiscal year 1988-1989, provided that the Hawaiian Sugar Planters' Association matches the appropriation dollar for dollar.

Your Committee finds that the sugar industry is the largest agriculture industry in Hawaii and has experienced financial difficulty in recent years primarily due to unfavorable national and international sugar politics and policies. The adverse effects of losing the sugar industry would be catastrophic to the State.

Your Committee finds that it is in the public interest to provide research funds to the sugar industry and thereby offset some of the industry's costs.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2042, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2664 Ways and Means on H.B. No. 2732

The purpose of this bill is to require notification to victims of criminal injuries or their dependents of the option to have payments made on their behalf to other designated persons.

Currently under section 351-62.5, Hawaii Revised Statutes, the Criminal Injuries Compensation Commission may award payments to the victim, to dependents of a deceased victim, or to other persons who have suffered pecuniary loss or incurred expenses on account of hospital, medical, funeral, or burial expenses due to a victim's injury or death. This bill amends section 351-62.5 by requiring the notification to victims of criminal injuries or their dependents of the option to have payments made on their behalf to other designated persons.

Your Committee finds that the bill will provide eligible victims with pertinent information about the Criminal Injuries Compensation Fund.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2732, H.D. 1, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2665 Ways and Means on H.B. No. 3574

The purpose of this bill is to make an appropriation of \$449,493.79 to the Department of the Attorney General to pay the legal fees, expenses, and interest incurred in connection with the representation of the State of Hawaii in the case of United States v. Exxon Corp. by the Washington, D.C., law firm of Nash, Railsback and Plesser.

The State of Hawaii received \$14,482,089.88 in the case of United States v. Exxon Corp. upon representation by Nash, Railsback and Plesser. A court order prohibited the State from using any of the recovery to pay attorney's fees. At the time of recovery, the State owed the law firm a total of \$725,242.93. Thereafter, the State made payment to the law firm using sums available for administrative expenses in other energy overcharge recoveries, thus bringing down the remaining balance to \$363,450.27. The sum appropriated by this bill includes the \$363,450.27 plus interest of \$86,043.52.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3574 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2666 Ways and Means on H.B. No. 2310

The purpose of this bill is to aid in improving tsunami awareness.

This bill appropriates \$90,000 to improve tsunami preparedness by:

- (1) Reviewing and updating tsunami evacuation maps;
- (2) Developing uniform statewide signs and symbols designating evacuation routes; and
- (3) Developing a public education program concentrating on tsunami awareness, preparedness, saving of lives, and reduction of personal property damage.

Your Committee finds that present tsunami inundation maps are woefully outdated, and that this bill can help save lives and property of residents by assuring that adequate, up-to-date, reliable information on inundation areas, escape routes, and safety procedures is available.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2310 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2667 Ways and Means on H.B. No. 2311

The purpose of this bill is to improve the statewide tsunami warning, response, and information system.

This bill appropriates \$100,000 to improve the statewide tsunami warning, response, and information system by (1) adding two remote data communication systems to existing tide gauges at Nawiliwili, Kauai, and at Kahului, Maui, and (2) installing telemetered tsunami gauges on the Puna Coast of Hawaii and the North Shore of Oahu.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2311 and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2668 Ways and Means on H.B. No. 3299

The purpose of this bill is to fund a feasibility study regarding the deregulation of private coin-operated telephones, telephone-shared tenant services, and interisland telephone service. The study will also encompass the issue known in the telecommunications industry as "bypass".

In light of the State of Hawaii's desire to become involved in the telemarketing and high technology industries, it is imperative to gauge the effect deregulation of these services will have on the provision of communication services generally in terms of service level and rate structure.

Accordingly, your Committee intends that the study include, among other issues, a thorough review of the impact on the local ratepayers with respect to costs and service levels. In addition, consideration should be given to the proposed change to "measured services" ratemaking as it relates to the issue of deregulating certain telecommunication services.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 3299, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2669 Agriculture, Energy and Ocean Resources on H.C.R. No. 33

The purpose of this House concurrent resolution is to support Hawaii's congressional delegation in their efforts to maintain support for the United States sugar industry.

Your Committee finds that sugar growing is a vital component of Hawaii's agricultural economy, as well as the agricultural economy of our nation. The sugar industry is the third largest source of export income for Hawaii and provides thousands of jobs.

Your Committee also finds that international free trade of sugar is impossible under existing conditions. The United States sugar industry faces unfair competition from sugar producers from other countries who are heavily subsidized and have an almost exclusive market in their own countries, which allows them to sell their surplus sugar on the world market at artificially low prices. The U.S. government, through limitation of sugar imports and the guaranteeing of a minimum price for sugar, has helped to protect the nation's sugar industry from the disastrous effects of this unfair competition. Without government support Hawaii's sugar industry would shrivel in the face of the existing unfair international sugar trade.

Your Committee received favorable testimony on this House concurrent resolution from the Chairperson of the Board of Agriculture, the Dean of the College of Tropical Agriculture and Human Resources, the Hawaiian Sugar Planters' Association, and the Hawaiian Electric Company.

Your Committee believes that it is imperative that Hawaii's delegation to Congress know that Hawaii supports their efforts to continue sugar production in the United States through federal price support and other legislation.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 33, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2670 Agriculture, Energy and Ocean Resources on H.B. No. 1604

The purpose of this bill is to authorize the Board of Land and Natural Resources to permit alternative uses of intensive agricultural, aquaculture or mariculture leases during the term of the lease.

Presently, the law does not allow for any changes in the specified use of intensive agricultural, aquaculture or mariculture leases.

This bill will give farmers with intensive agricultural leases the opportunity to more fully utilize their available resources and provide them additional flexibility to better manage their farms according to changing economic, and other prevailing conditions. Specifically, it would allow leases to be modified to permit alternate agricultural uses, multiple agricultural uses, and would allow farmers to integrate aquaculture or mariculture production into their agricultural farms.

The lease modification would be subject to certain restrictions and require approval of the Board of Land and Natural Resources.

Favorable testimonies were received from the Chairperson of the Board of Land and Natural Resources, the Hawaii Farm Bureau Federation, the Molokai Farm Bureau, the Hawaiian Sugar Planters' Association, and David Curtis of Akea Farms, Inc.

Your Committee on Agriculture, Energy and Ocean Resources is in accord with the intent and purpose of H.B. No. 1604, 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. 2671 Human Services on H.B. No. 3484

The purpose of this bill is to increase and improve the availability, affordability, and quality of child care.

Presently under Section 346-151, Hawaii Revised Statutes, family child care homes may care for three to five children and group child care homes may care for six to twelve children. This bill increases the maximum number of children permitted in family child care homes from five to six and increases the minimum number of children permitted in group child care homes from six to seven.

This bill also amends Section 346-152, Hawaii Revised Statutes, which excludes certain child caring arrangements from regulation, by:

- (1) Exempting care givers related by adoption;
- (2) Amending paragraph (2) by replacing "3 hours a day but not more than 2 times a week;" with "six hours a week;" in order to exempt services that are more informal in nature.
- (3) Amending paragraph (3) by replacing "another department;" with "the department of education" for purposes of clarity.
- (4) Amending paragraph (4) by replacing "of eligible pupils in public and private schools through age seventeen," with "development for children," for clarity.
- (5) Adding a new paragraph (6) exempting "Programs for children four years and older which operate for no more than two consecutive calendar weeks in a three month period." in order to explicitly exempt short term programs.

Your Committee received overwhelming favorable support for the proposed changes and finds that in addition to providing protection for children in quality child care facilities through regulatory standards, it is paramount to address the acute need for available and affordable child care. The availability of quality and affordable child care facilities has reached crisis proportions. Although the bill provides minor changes to the law, these changes will provide hundreds of more available care openings. More openings translate into less cost per child to the child's family and to the child care facility operators. At the same time, professional child care providers will continue to be licensed for the safety and security of the children.

Your Committee on Human Services is in accord with the intent and purpose of H.B. No. 3484, 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. 2672 Planning and Environment on Gov. Msg. Nos. 112, 209 and 214

Recommending that the Senate advise and consent to the nominations of the following"

SCOTT S. ODA to the Board of Certification of Operating Personnel in Wastewater Treatment Plants, for a term ending June 30, 1990;

CHARLES P. STONE, Ph.D., and JOHN IRVEN FORD, to the Natural Area Reserves System Commission, for terms ending June 30, 1992; and

MARVIN T. MIURA, Ph.D., as Director of Environmental Quality Control, for a term ending December 3, 1990.

Signed by all members of the Committee.

SCRep. 2673 Ways and Means on Gov. Msg. Nos. 163, 164, 165 and 211

Recommending that the Senate advise and consent to the nominations of the following:

ROY K. AMEMIYA JR. to the Board of Taxation Review, First Taxation District (Oahu), for a term ending June 30, 1992;

JOSEPH A. FRYE and ROBERT S. OTA to the Board of Taxation Review, Second Taxation District (Maui), for terms ending June 30, 1992;

HAROLD AIU to the Board of Taxation Review, Fourth Taxation District (Kauai), for a term ending June 30, 1992; and

TIMOTHY S. YOUNG and EDWIN T. HARA, to the Board of Taxation Review, Third Taxation District (Hawaii), for terms ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2674 Ways and Means on S.C.R. No. 9

The purpose of this concurrent resolution is to request state agencies, particularly the Employees' Retirement System of the State, to divest all state moneys and securities belonging to or held in trust by the State in firms doing business in or with the Republic of South Africa, and to refrain from making investments in South Africa-related firms until the government of South Africa enforces a policy and maintains a practice of racial desegregation.

Your Committee has received considerable testimony in support of this concurrent resolution from various public interest groups, labor organizations, and individuals. The common thread throughout the testimonies, with which your Committee concurs, is that apartheid in South Africa is, in the deepest sense, a gross violation of human rights and an invidious form of discrimination. It is this type of discrimination and inhumane treatment which the citizens of the United States have fought long and hard to protect against infringements upon civil rights and liberties, which are the very essence of a free and democratic society. This concurrent resolution provides a means for the State to take an affirmative step in discouraging and protesting the South African government's abhorrent practice of racial discrimination and violation of human rights.

As of August 1987, twenty-three states, seventy-five cities, fourteen counties, and the Virgin Islands have passed some form of binding measures against apartheid. For example, Massachusetts requires divestment of all state pension funds from firms doing business in or with South Africa; Maryland prohibits the deposit or investment of state retirement pension funds in firms connected with South Africa, including banks which make loans to South African national corporations; the New York City Employees' Retirement System adopted a five-year divestment plan, and the New York City Council enacted an ordinance which prohibits the deposit of city funds in banks lending to the South African government; and the city of San Francisco required the divestment of city funds from firms operating in South Africa, within a two-year period beginning in 1985.

Further, Congress, in 1986, enacted the Comprehensive Anti-Apartheid Act of 1986 (P.L. 99-440, 22 U.S.C. 5001 et seq.) for the declared purpose of establishing a comprehensive framework to guide the United States in helping to bring an end to apartheid in South Africa, and lead to the establishment of a nonracial, democratic form of government. The Act also imposes certain sanctions aimed at the South African government such as prohibiting new investment (commitment or contribution of funds or other assets and loans or other extension of credit) in South Africa by a citizen of the United States or American business entities, and prohibiting the use of federal funds for any assistance in, or any subsidy for trade with, South Africa.

Your Committee believes that divestment of state funds from firms doing business in or with South Africa will not adversely affect the financial stability of the State nor state investment policies and practices in any significant way. According to testimony received, studies have shown that divested government funds in South Africa-free investment portfolios "do as well as or better after divestment," e.g. SEI Public Funds Evaluation Service's study of the S & P 500 index (Standard and Poors performance index of top 500 corporations) without South Africa-involved companies, found that over a two-year period, the South Africa-free index outperformed the regular S & P 500 index.

Your Committee also believes that blind divestiture by state pension, trust, or investment managers, without efforts to rebalance a portfolio's industry and investment characteristics, can profoundly affect performance. However, a rigorous but careful diversification across an enlarged universe of securities to create a South Africa-free investment portfolio, can avoid any investment bias implicit in the investment action. Your Committee is also cognizant of the concern regarding the possible conflict of the Employees' Retirement System trustees' fiduciary duties with respect to divestment of funds on the basis of moral or social reasons. If the trustees exercise their usual investment criteria under the "prudent man" standard, to the areas of investments in which the system is allowed by law to invest, and after determining that equally sound and prudent investment opportunities exist between South Africa-free companies and South Africa-involved companies, your Committee believes that the trustees may properly divest its investment from companies involved in South Africa.

Your Committee finds that divestment of state moneys and securities in firms doing business in or with South Africa is an appropriate and effective means on the part of the State to influence corporate behavior, which will ultimately pressure the South African government to end the ugly and intolerable practice of racial discrimination and segregation.

Your Committee has amended the concurrent resolution by deleting the word "immediately" in the first paragraph on page 2, for the purpose of providing state financial officers the necessary time to prudently divest state moneys and securities in companies doing business in or with South Africa. Your Committee has also made technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of S.C.R. No. 9, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 9, S.D. 1.

Signed by all members of the Committee.

SCRep. 2675 Ways and Means on S.R. No. 10

The purpose of this resolution is to request state agencies, particularly the Employees' Retirement System of the State, to divest all state moneys and securities belonging to or held in trust by the State in firms doing business in or with the Republic of South Africa, and to refrain from making investments in South Africa-related firms until the government of South Africa enforces a policy and maintains a practice of racial desegregation.

Your Committee has received considerable testimony in support of this resolution from various public interest groups, labor organizations, and individuals. The common thread throughout the testimonies, with which your Committee concurs, is that apartheid in South Africa is, in the deepest sense, a gross violation of human rights and an invidious form of discrimination. It is this type of discrimination and inhumane treatment which the citizens of the United States have fought long and hard to protect against infringements upon civil rights and liberties, which are the very essence of a free and democratic society. This resolution provides a means for the State to take an affirmative step in discouraging and protesting the South African government's abhorrent practice of racial discrimination and violation of human rights.

As of August 1987, twenty-three states, seventy-five cities, fourteen counties, and the Virgin Islands have passed some form of binding measures against apartheid. For example, Massachusetts requires divestment of all state pension funds

from firms doing business in or with South Africa; Maryland prohibits the deposit or investment of state retirement pension funds in firms connected with South Africa, including banks which make loans to South African national corporations; the New York City Employees' Retirement System adopted a five-year divestment plan, and the New York City Council enacted an ordinance which prohibits the deposit of city funds in banks lending to the South African government; and the city of San Francisco required the divestment of city funds from firms operating in South Africa, within a two-year period beginning in 1985.

Further, Congress, in 1986, enacted the Comprehensive Anti-Apartheid Act of 1986 (P.L. 99-440, 22 U.S.C. 5001 et seq.) for the declared purpose of establishing a comprehensive framework to guide the United States in helping to bring an end to apartheid in South Africa, and lead to the establishment of a nonracial, democratic form of government. The Act also imposes certain sanctions aimed at the South African government such as prohibiting new investment (commitment or contribution of funds or other assets and loans or other extension of credit) in South Africa by a citizen of the United States or American business entities, and prohibiting the use of federal funds for any assistance in, or any subsidy for trade with, South Africa.

Your Committee believes that divestment of state funds from firms doing business in or with South Africa will not adversely affect the financial stability of the State nor state investment policies and practices in any significant way. According to testimony received, studies have shown that divested government funds in South Africa-free investment portfolios "do as well as or better after divestment," e.g. SEI Public Funds Evaluation Service's study of the S & P 500 index (Standard and Poors performance index of top 500 corporations) without South Africa-involved companies, found that over a two-year period, the South Africa-free index outperformed the regular S & P 500 index.

Your Committee also believes that blind divestiture by state pension, trust, or investment managers, without efforts to rebalance a portfolio's industry and investment characteristics, can profoundly affect performance. However, a rigorous but careful diversification across an enlarged universe of securities to create a South Africa-free investment portfolio, can avoid any investment bias implicit in the investment action. Your Committee is also cognizant of the concern regarding the possible conflict of the Employees' Retirement System trustees' fiduciary duties with respect to divestment of funds on the basis of moral or social reasons. If the trustees exercise their usual investment criteria under the "prudent man" standard, to the areas of investments in which the system is allowed by law to invest, and after determining that equally sound and prudent investment opportunities exist between South Africa-free companies and South Africa-involved companies, your Committee believes that the trustees may properly divest its investment from companies involved in South Africa.

Your Committee finds that divestment of state moneys and securities in firms doing business in or with South Africa is an appropriate and effective means on the part of the State to influence corporate behavior, which will ultimately pressure the South African government to end the ugly and intolerable practice of racial discrimination and segregation.

Your Committee has amended the resolution by deleting the word "immediately" in the first paragraph on page 2, for the purpose of providing state financial officers the necessary time to prudently divest state moneys and securities in companies doing business in or with South Africa. Your Committee has also made technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Ways and Means is in accord with the intent and purpose of S.R. No. 10, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 10, S.D. 1.

Signed by all members of the Committee.

SCRep. 2676 Health on H.B. No. 2426

The purpose of this bill is to repeal certain laws requiring persons to obtain permits from the Department of Health in order to keep pigeons and aviary game birds.

Your Committee finds that the Department has ample authority to enforce sanitation requirements necessary to protect the public health through its administrative rules concerning animal enclosures. Therefore, your Committee concludes that there is no compelling reason to issue permits, and that this bill will save the Department from unnecessary paperwork and expenses.

Your Committee on Health is in accord with the intent and purpose of H.B. No. 2426 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2677 Agriculture, Energy and Ocean Resources on S.R. No. 67

The purpose of this Resolution is to request the Department of Business and Economic Development and the Department of Agriculture to study the economic feasibility of utilizing land in the Ka'u area for agricultural-type uses.

Testimonies were received from the Department of Agriculture (DOA), the Department of Business and Economic Development (DBED), and the College of Tropical Agriculture and Human Resources (CTAHR) of the University of Hawaii. While all agencies were supportive of the Resolution, concerns were raised over the proposed study approach and also over the responsibilities assigned to the agencies.

The DOA reported that the CTAHR has developed a methodology for analyzing the potential for new diversified agricultural crops called the production-marketing-consumption (PMC) system. Its concepts have been used to organize an alternative crops industry analysis on the feasibility of various crops. In view of this capability, the DOA

recommended that the CTAHR and the Governor's Agriculture Coordinating Committee be named as lead agencies with DOA assisting in this area.

The CTAHR indicated its willingness to assume lead agency responsibility, and addressed the complexity of the required study by listing some additional variables that need to be considered in the analysis, including State districting, county zoning, and land ownership. The CTAHR recommended that the Resolution be amended to request a report on the means and costs of conducting the study.

The DBED acknowledged its role in the promotion and expansion of local products but expressed concern over lead agency designations. After discussion, DBED concurred that the CTAHR should assume lead agency responsibility for the assessment of suitability of utilizing land in the Ka'u area for agricultural-type uses.

Your Committee, after discussion and consideration of this Resolution, has amended the Resolution to reflect the change in lead agency designation from the DOA and DBED to the CTAHR and DBED, to make reference to the production-marketing-consumption system developed by the CTAHR, to specify the requirement for a cost proposal, to add a reporting time requirement, and to make nonsubstantive changes in the fifth and sixth WHEREAS clauses.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.R. No. 67, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 67, S.D. 1.

Signed by all members of the Committee.

SCRep. 2678 Agriculture, Energy and Ocean Resources on Gov. Msg. Nos. 203, 215 and 216

Recommending that the Senate advise and consent to the nominations of the following:

RAY T. NISHIYAMA to the Governor's Agriculture Coordinating Committee, for a term ending June 30, 1992;

RYOJI NAMBA, Ph.D., to the Advisory Committee on Agricultural Products, for a term ending June 30, 1992;

CLARENCE (MAKA) HOOKALA to the Hawaii Fisheries Coordinating Council, for a term ending June 30, 1991; and

WARREN E. AKIONA, DONALD SCOTT BOWMAN, III, GEORGE M. OKUHARA, and RALPH H. TAKAFUJI gubernatorial to the Hawaii Fisheries Coordinating Council, for terms ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2679 Education on S.R. No. 110

The purpose of this resolution is to request the establishment of "imaginariums" in the public schools.

Currently, many activities in the public schools are directed towards encouraging both basic academics and innovative studies, such as the Enrichment in Science Program, the Enrichment Program for Secondary Language Arts, the Marine Symposium, the Science and Engineering/Industrial Arts Fair, and the Space Education Conference.

An "imaginarium" is a concept that envisions a dynamic and diversified environment which promotes the ability of students in our public schools to reason in a creative, positive, energetic, and progressive manner. Specifically, an imaginarium would be a special place where students can display artistic creations, written essays, and other projects of knowledge and imagination. This resolution requests the Department of Education to develop a plan to establish an imaginarium for each public school.

Your Committee finds that imaginariums will not only provide a place to gather creative material, but also to affirm the State's commitment to assist and encourage students to create and fulfill their dreams and to learn that nothing is impossible.

Your Committee on Education concurs with the intent and purpose of S.R. No. 110 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2680 Education on S.C.R. No. 99

The purpose of this concurrent resolution is to request the establishment of "imaginariums" in the public schools.

Currently, many activities in the public schools are directed towards encouraging both basic academics and innovative studies, such as the Enrichment in Science Program, the Enrichment Program for Secondary Language Arts, the Marine Symposium, the Science and Engineering/Industrial Arts Fair, and the Space Education Conference.

An "imaginarium" is a concept that envisions a dynamic and diversified environment which promotes the ability of students in our public schools to reason in a creative, positive, energetic, and progressive manner. Specifically, an imaginarium would be a special place where students can display artistic creations, written essays, and other projects of knowledge and imagination. This resolution requests the Department of Education to develop a plan to establish an imaginarium for each public school.

Your Committee finds that imaginariums will not only provide a place to gather creative material, but also to affirm the State's commitment to assist and encourage students to create and fulfill their dreams and to learn that nothing is impossible.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 99 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2681 Health on Gov. Msg. Nos. 106, 186, 187, 188, 189, 190, 191, 192, 193, 194, 195, 196, 213, 221 and 222

Recommending that the Senate advise and consent to the nominations of the following:

DAVID A. WOLL to the State Planning Council on Developmental Disabilities, for a term ending June 30, 1988;

DIRK WASANO to the State Planning Council on Developmental Disabilities, for a term ending June 30, 1991;

NADINE C. BRUCE, M.D., ANELIA REYES JACANG, M.D., and HENRY DON LINDLEY to the Drug Product Selection Board, for terms ending June 30, 1992;

NANCY E. SMITH and NONA WILSON to the Statewide Health Coordinating Council, for terms ending June 30, 1989;

RICHARD PAUL BETTINI, JANICE M. CAMPBELL, KATHERINE GRACE TAKEHIRO, and NORMAN K. OSHIRO to the Statewide Health Coordinating Council, for terms ending June 30, 1992;

GLADYS ELLA KUAPU HULU, ELIZABETH L.A.K. TAKAO, WILLIAM R. FLANDERS, and NATHAN K.H. MAU to the Honolulu Subarea Health Planning Council, for terms ending June 30, 1991;

TOMOE KOMATA, KATHLEEN K. YOSHITOMI, WINIFRED H. ISHIMOTO, SCOTT NOMURA, RIX MAURER, III, JUDY RAMSEYER, M.D., and ELIZABETH GIESTING to the Honolulu Subarea Health Planning Council, for terms ending June 30, 1992;

ROSE MARIE M. MAY to the Central Oahu Subarea Health Planning Council for a term ending June 30, 1989;

SUE CARPENTER QUINN and ALVIN FUSE, M.D., to the Central Oahu Subarea Health Planning Council, for terms ending June 30, 1991;

CHISENO ELEANOR MIYASAKI, DENNIS F. TAMASHIRO, RONALD H. TAKATA, Ph.D., DAVID EDWARD GIRE, and GARY I. TOKUNAGA to the Central Oahu Subarea Health Planning Council, for terms ending June 30, 1992;

ROSE MARIE PURDY to the Waianae Coast Subarea Health Planning Council, for a term ending June 30, 1989;

FLORENE D. PELL to the Waianae Coast Subarea Health Planning Council, for a term ending June 30, 1991;

ANDREA De SERRES, SHIRLEY KEALOHA, and MARY OJERIO to the Waianae Coast Subarea Health Planning Council, for terms ending June 30, 1992;

EDWARD C. McCREA, LORETTA T. SCHULER, ALLEN L. NOVAK and COLLEEN SAIKI SINGLETON to the Windward Oahu Subarea Health Planning Council, for terms ending June 30, 1991;

BARBARA COOL and NATALIE ODA to the Windward Oahu Subarea Health Planning Council, for terms ending June 30, 1992;

KATHERINE GRACE TAKEHIRO, LILY KONG, ROBERT M. KAWAKONE, DONNA RODGERS, BEATRICE T. CABRAL, and MARK ONAKA to the Hawaii County Subarea Health Planning Council, for terms ending June 30, 1992;

EARL L. WAIWAIOLÉ to the Kauai County Subarea Health Planning Council, for a term ending June 30, 1990;

PETER M. KIM, M.D., to the Kauai County Subarea Health Planning Council, for a term ending June 30, 1991;

ARACELI GEROSO GUSHIKEN, SALLY S. BRITTON, RICHARD K. NII, KEITH HORINOUCHI, D.H.Sc., and PHIL PALMER to the Kauai County Subarea Health Planning Council, for terms ending June 30, 1992;

JONATHAN PREZA to the Maui County Subarea Health Planning Council, for a term ending June 30, 1991;

NORMAN K. OSHIRO, GARY ROBERT, and CAROL O'MALLEY to the Maui County Subarea Health Planning Council, for terms ending June 30, 1992;

SHARON E. OGAWA, CLIFF K. CISCO, and ELIZABETH ANNE TAGA to the County Hospital Management Advisory Committee, City and County of Honolulu Hospital System, for terms ending June 30, 1992;

MAJKEN BLOMKVEST, ROSALYN HESTER BAKER, TINA L. DAMERON, CONNIE C. CHUN, and WALTER NUNOKAWA, Ph.D., to the State Council on Mental Health and Substance Abuse, for terms ending June 30, 1992;

KINA'U BOYD KAMALI'I as State Administrator, State Health Planning and Development Agency, for a term ending December 3, 1990;

RAMON K. SY, M.D., to the Advisory Commission on Drug Abuse and Controlled Substances, for a term ending June 30, 1989;

LIBBY PULELEHUA OSHIYAMA, MARTHA TRAVERS TORNEY, and JASON T. HASHIMOTO to the Advisory Commission on Drug Abuse and Controlled Substances, for terms ending June 30, 1992; and

APRIL S. APANA, BERNARD K. PUNIKAIA, and SHERMAN SEE MUN HEE to the Board of Health, for terms ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2682 Education on Gov. Msg. No. 176

Recommending that the Senate advise and consent to the nomination of PATRICIA BRANDT to the Education Commission of the States, for a term ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2683 Higher Education on S.R. No. 51

The purpose of this resolution is to direct the College of Education of the University of Hawaii to establish a Youth Sports and Fitness Institute in the Health, Physical Education and Recreation Department.

Although youth sports activities are important to the growth and development of young people, there is often not enough time in school physical education classes to provide opportunities for children to fully participate in such activities. Therefore, parents are turning to the various community organizations that offer after school and weekend sports programs.

Many of the community programs offering sports programs are coached by individuals who have no training in areas such as teaching methodology, prevention and care of sports injuries, psychological and physiological needs of the young athlete, nutrition, drugs, etc. The Legislature is concerned about the operational procedures of these programs, especially if they result in medical and legal problems for the youths and parents involved.

This resolution directs the College of Education of the University of Hawaii to establish a Youth Sports and Fitness Institute in the Health, Physical Education and Recreation Department for the purpose of:

- 1) Providing training sessions for youth sports coaches and leaders in their respective communities;
- 2) Developing education and informational material in youth sports;
- 3) Developing certification programs for coaches in order to improve the quality of the youth sports program and enhance the safety and protection of the participants;
- 4) Organizing physical fitness testing and awareness programs, including physical performance and physiological capacity, in order to improve fitness levels; and
- 5) Conducting practical research into the problems and issues related to youth sports.

The College of Education is also directed to submit a report of its activities and recommendations to the Legislature not later than twenty days prior to the convening of the Regular Session of 1989.

Your Committee finds it would be better to broaden the scope of this resolution by directing the University of Hawaii in general, rather than specifically directing the College of Education of the University of Hawaii, to establish the Youth Sports Fitness Institute. Your Committee has therefore amended the title and resolution accordingly.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 51, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 51, S.D. 1.

Signed by all members of the Committee.

SCRep. 2684 Higher Education on S.C.R. No. 45

The purpose of this concurrent resolution is to direct the College of Education of the University of Hawaii to establish a Youth Sports and Fitness Institute in the Health, Physical Education and Recreation Department.

Although youth sports activities are important to the growth and development of young people, there is often not enough time in school physical education classes to provide opportunities for children to fully participate in such activities. Therefore, parents are turning to the various community organizations that offer after school and weekend sports programs.

Many of the community programs offering sports programs are coached by individuals who have no training in areas such as teaching methodology, prevention and care of sports injuries, psychological and physiological needs of the young athlete, nutrition, drugs, etc. The Legislature is concerned about the operational procedures of these programs, especially if they result in medical and legal problems for the youths and parents involved.

This concurrent resolution directs the College of Education of the University of Hawaii to establish a Youth Sports and Fitness Institute in the Health, Physical Education and Recreation Department for the purpose of:

- 1) Providing training sessions for youth sports coaches and leaders in their respective communities;
- 2) Developing education and informational material in youth sports;
- 3) Developing certification programs for coaches in order to improve the quality of the youth sports program and enhance the safety and protection of the participants;
- 4) Organizing physical fitness testing and awareness programs, including physical performance and physiological capacity, in order to improve fitness levels; and
- 5) Conducting practical research into the problems and issues related to youth sports.

The College of Education is also directed to submit a report of its activities and recommendations to the Legislature not later than twenty days prior to the convening of the Regular Session of 1989.

Your Committee finds it would be better to broaden the scope of this concurrent resolution by directing the University of Hawaii in general, rather than specifically directing the College of Education of the University of Hawaii, to establish the Youth Sports Fitness Institute. Your Committee has therefore amended the title and concurrent resolution accordingly.

Your Committee on Higher 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 Committee.

SCRep. 2685 Consumer Protection and Commerce on S.C.R. No. 114

The purpose of this Concurrent Resolution is to request the Legislative Auditor, pursuant to Section 23-52, Hawaii Revised Statutes, to assess the social and financial impact of mandating insurance coverage for naturopathic care.

Your Committee received testimony on this issue and finds that it would be in the public interest to review inclusion of naturopathic care as part of health care policies if such coverage is generally unavailable at the present time and would have beneficial medical and financial implications for the people of Hawaii.

Your Committee is also interested in the concept of cafeteria coverage, and has therefore amended this Concurrent Resolution by requesting the Legislative Auditor to assess the relative merits of instituting cafeteria-type coverage as a general proposition, as opposed to legislating new health insurance coverages on an item by item basis.

Your Committee has further amended this 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. 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.

SCRep. 2686 Consumer Protection and Commerce on S.C.R. No. 58

The purpose of this Concurrent Resolution is to request the Legislative Auditor to report to the Legislature on the social and financial impacts of mandating health insurance coverage for outpatient arthritis therapy services.

Arthritis is a major crippling disease which strikes persons of all ages, but insurance coverage for outpatient therapy is usually available only to patients who have been hospitalized for the disease. This Concurrent Resolution requests the Legislative Auditor, in compliance with Section 23-52, Hawaii Revised Statutes, to study the social and financial implications of requiring health insurance policies to include such coverage for all arthritis patients so that the Legislature may make an informed decision as to whether or not to statutorily mandate such coverage.

Your Committee received supporting testimony from Kapiolani Medical Center for Women and Children and the Hawaii Chapter of the Arthritis Foundation and finds that it would be for the public health and welfare and in the public interest to mandate outpatient arthritis therapy coverage in medical insurance policies if careful study indicates that such coverage is not generally available and would be socially and financially feasible.

Your Committee has amended this Concurrent Resolution by clarifying that the scope of this study should include both adults and children, including children who suffer from arthritis and juvenile rheumatoid arthritis, and by requesting the Legislative Auditor to provide information regarding the number or percentage of persons in Hawaii who have major medical insurance coverage and those who do not.

Your Committee has also made some nonsubstantial technical changes to this Concurrent Resolution for the purpose of clarity and style.

Your Committee on Consumer Protection and Commerce 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.

SCRep. 2687 Consumer Protection and Commerce on S.R. No. 86

The purpose of this Resolution is to obtain information necessary to determine whether locksmithing services should be regulated in Hawaii.

Specifically, the Resolution requests the Honolulu Police Department to study the relationship between unsolved burglaries and similar crimes and the use of locksmithing skills in the perpetration of such crimes. The study would contain an analysis of each such crime remaining unsolved over the past five years and a determination as to which were due primarily or substantially to the negligence of the victim and which were due primarily or substantially to the skill of the perpetrator. Expert testimony or opinion would then be provided as to whether the successful crimes attributable to skill were due to knowledge of and ability to use locksmithing skills, and if so, to what extent.

The Hawaii Criminal Justice Data Center, the Office of the Attorney General, the Office of the Prosecutor of the City and County of Honolulu, the Department of Commerce and Consumer Affairs, and the Office of the Legislative Auditor would, at the request of the Police Department, provide data, testimony, or other expert opinion appropriate to carry out the study.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and Mr. Kin Hylton and finds that there is reason to believe that a relationship exists between the perpetration of certain crimes and the ability to use locksmithing skills. Your Committee is aware that locksmithing is regulated in several states, and that Hawaii has a high rate of unsolved burglaries and similar crimes. The kinds of information requested pursuant to this Resolution would be invaluable in helping the Legislature decide whether such regulation is necessary in Hawaii and, if so, to what extent and in what form.

Your Committee has amended this Concurrent Resolution by requesting that the study focus on a random sample of at least twenty-five percent of all burglaries and similar crimes over the past five years, whether solved or unsolved, and by providing, as a general guideline, that "locksmithing skills" includes "the ability to pick locks, duplicate keys, repair, rebuild, service, adjust, and install mechanical or electrical locking devices, safes, or vaults, and the ability to operate a mechanical or electrical locking device, safe, or vault by means other than those intended by the manufacturer of the locking device, safe, or vault."

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.C.R. No. 86, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 86, S.D. 1.

Signed by all members of the Committee except Senators Fernandes Salling and Ikeda.

SCRep. 2688 Consumer Protection and Commerce on S.C.R. No. 76

The purpose of this Concurrent Resolution is to obtain information necessary to determine whether locksmithing services should be regulated in Hawaii.

Specifically, the Concurrent Resolution requests the Honolulu Police Department to study the relationship between unsolved burglaries and similar crimes and the use of locksmithing skills in the perpetration of such crimes. The study would contain an analysis of each such crime remaining unsolved over the past five years and a determination as to which were due primarily or substantially to the negligence of the victim and which were due primarily or substantially to the skill of the perpetrator. Expert testimony or opinion would then be provided as to whether the successful crimes attributable to skill were due to knowledge of and ability to use locksmithing skills, and if so, to what extent.

The Hawaii Criminal Justice Data Center, the Office of the Attorney General, the Office of the Prosecutor of the City and County of Honolulu, the Department of Commerce and Consumer Affairs, and the Office of the Legislative Auditor would, at the request of the Police Department, provide data, testimony, or other expert opinion appropriate to carry out the study.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and Mr. Kin Hylton and finds that there is reason to believe that a relationship exists between the perpetration of certain crimes and the ability to use locksmithing skills. Your Committee is aware that locksmithing is regulated in several states, and that Hawaii has a high rate of unsolved burglaries and similar crimes. The kinds of information requested pursuant to this Concurrent Resolution would be invaluable in helping the Legislature decide whether such regulation is necessary in Hawaii and, if so, to what extent and in what form.

Your Committee has amended this Concurrent Resolution by requesting that the study focus on a random sample of at least twenty-five percent of all burglaries and similar crimes over the past five years, whether solved or unsolved, and by providing, as a general guideline, that "locksmithing skills" includes "the ability to pick locks, duplicate keys, repair, rebuild, service, adjust, and install mechanical or electrical locking devices, safes, or vaults, and the ability to operate a mechanical or electrical locking device, safe, or vault by means other than those intended by the manufacturer of the locking device, safe, or vault."

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.C.R. No. 76, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 76, S.D. 1.

Signed by all members of the Committee except Senator Fernandes Salling.

SCRep. 2689 Planning and Environment on Gov. Msg. No. 267

Recommending that the Senate advise and consent to the nominations of MICHAEL G. HADFIELD, Ph.D., and PHILLIP LLOYD BRUNER to the Animal Species Advisory Commission, for terms ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2690 Planning and Environment on S.C.R. No. 218

The purpose of this Concurrent Resolution is to discourage the release of helium filled balloons.

Each year the mass release of thousands of helium filled balloons not only causes litter when they expire and fall, but are a potential hazard to marine animals that may consume them, thinking the balloons are food.

Latex balloons have been found in the intestinal tracts of a number of dead marine animals and have been strongly implicated as the cause of death.

Your Committee heard testimony from the Department of Land and Natural Resources, Conservation Council for Hawaii, and Earthtrust Wildlife Society in support of this concurrent resolution which seeks alternatives to the release of helium balloons.

This Concurrent Resolution would also encourage manufactures, distributors and retailers of helium filled balloons to conduct research for substitute materials that will rapidly degrade and can be digested by animals that might ingest them.

In addition, this Concurrent Resolution requests that:

- (1) All state and county agencies, responsible for granting approval for mass balloon releases, inform the organization planning the release on public lands of the potential adverse effects on the marine environment;
- (2) All balloons filled with helium should either not be released or be released indoors; or
- (3) Alternatives be utilized, such as:
 - (A) Air-filled balloons; or
 - (B) Homing pigeons.

Your Committee on Planning and Environment concurs with the intent and purpose of S.C.R. No. 218 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2691 Planning and Environment on S.R. No. 211

The purpose of this Resolution is to discourage the release of helium filled balloons.

Each year the mass release of thousands of helium filled balloons not only causes litter when they expire and fall, but are a potential hazard to marine animals that may consume them, thinking the balloons are food.

Latex balloons have been found in the intestinal tracts of a number of dead marine animals and have been strongly implicated as the cause of death.

Your Committee heard testimony from the Department of Land and Natural Resources, Conservation Council for Hawaii, and Earthtrust Wildlife Society in support of this Resolution which seeks alternatives to the release of helium balloons.

This Resolution would also encourage manufactures, distributors and retailers of helium filled balloons to conduct research for substitute materials that will rapidly degrade and can be digested by animals that might ingest them.

In addition, this Resolution requests that:

- (1) All state and county agencies, responsible for granting approval for mass balloon releases, inform the organization planning the release on public lands of the potential adverse effects on the marine environment;
- (2) All balloons filled with helium should either not be released or be released indoors; or
- (3) Alternatives be utilized, such as:
 - (A) Air-filled balloons; or
 - (B) Homing pigeons.

Your Committee on Planning and Environment concurs with the intent and purpose of S.R. No. 211 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2692 (Joint) Corrections and Education on H.C.R. No. 18

The purpose of this Concurrent Resolution is to request that a plan be developed for a meaningful vocational education program for the wards incarcerated in the Hawaii Youth Correctional Facility.

The 1986 Management Audit of the Hawaii Youth Correctional Facility (HYCF) severely criticized the lack of an effective or meaningful vocational education program at HYCF and also found that the current vocational programs amounted to little more than "make work" which did not provide meaningful employment skills. Many wards incarcerated at HYCF who need and want meaningful employment skills are denied the experience and opportunity to learn. This Concurrent Resolution requests the Department of Corrections to formulate a meaningful vocational rehabilitation program with the assistance of the Department of Education.

Your Committees received supporting testimony from the American Civil Liberties Union of Hawaii, the Department of Corrections, the Department of Education, and the Department of Labor and Industrial Relations and find that there is a need for a precisely stated set of expectations for the definitive implementation and evaluation of a vocational training program for incarcerated wards at the Hawaii Youth Correctional Facility. This program should involve:

- (1) Evaluating the needs, deficiencies, aptitudes, and attitudes of each ward;
- (2) Evaluating opportunities in the job market;
- (3) Preparing the wards for meaningful jobs with marketable skills and positive attitudes; and
- (4) Integrating the basic education provided at Olomana School with the vocational training and work assignments provided at HYCF.

Your Committees on Corrections and Education concur with the intent and purpose of H.C.R. No. 18 and recommend its adoption.

Signed by all members of the Committees.

SCRep. 2693 Human Services on S.C.R. No. 77

The purpose of this concurrent resolution is to request the adoption of a long-term care plan for older adults.

Hawaii has the fastest growing population of elderly persons in the United States. A sizable portion of this population is persons eighty-five years and older who are in most need of long-term care services.

Because of the significant need of such long-term care services, in 1985 the Executive Office on Aging was designated as the lead agency for short- and long-range planning functions relating to the long-term care of the elderly. Through tireless efforts the Executive Office on Aging, with assistance from four specially appointed ad hoc committees (Services and System Development, Quality of Care, Finance, and General Policy) and from the Long-Term Care Task Force appointed by the Policy Advisory Board for Elderly Affairs, recently has developed and published a plan entitled "Long-Term Care Plan for Older Adults" which establishes a foundation for long-term care policies and programs for existing and future populations of elders. The plan focuses on community based, in-home care which is preferred by the vast majority of older persons and their families over institutional care.

Your Committee received considerable testimony in overwhelming support for the long-term care plan and finds that the plan is an important first step in coming to grips with a problem which cannot be ignored. The plan examines services, systems development and coordination, quality of care, and financing issues which are priority concerns and it proposes specific policy recommendations. The long-term care plan provides the State with important guidelines for the decent, progressive, and humane care of present and future older persons.

Your Committee wishes to specifically recognize the efforts of Dr. Jeanette C. Takamura, Director of the Executive Office on Aging, for her dedication and leadership in developing the long-term care plan.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 77 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2694 (Joint) Consumer Protection and Commerce and Government Operations on S.C.R. No. 101

The purpose of this Concurrent Resolution is to urge Hawaii's Congressional delegation to support passage of S. 1697 which would require foreign investors who hold a significant interest in U.S. property or a controlling interest in a U.S. business "to register their identity, nationality, the date they acquired the interest, their relation to the property, the market value of the property or business and the per cent of their interest in it, to provide supporting documentation, and to report any changes."

Your Committees heard testimony from the Director of Business and Economic Development (DBED) in support of this Concurrent Resolution. The Director expressed his belief that reporting "should be accomplished at the national level rather than at the state level" and should not be "unreasonable" or "a barrier to good productive foreign investment." DBED supports "a reporting system by which basic information can be obtained and analyzed to more accurately assess the impact of foreign investment."

Your Committees on Consumer Protection and Commerce and Government Operations concur with the intent and purpose of S.C.R. No. 101 and recommend its adoption.

Signed by all members of the Committees except Senator Young.

SCRep. 2695 (Joint) Consumer Protection and Commerce and Government Operations on S.R. No. 111

The purpose of this Resolution is to urge Hawaii's Congressional delegation to support passage of S. 1697 which would require foreign investors who hold a significant interest in U.S. property or a controlling interest in a U.S. business "to register their identity, nationality, the date they acquired the interest, their relation to the property, the market value of the property or business and the per cent of their interest in it, to provide supporting documentation, and to report any changes."

Your Committees heard testimony from the Director of Business and Economic Development (DBED) in support of this Resolution. The Director expressed his belief that reporting "should be accomplished at the national level rather than at the state level" and should not be "unreasonable" or "a barrier to good productive foreign investment." DBED supports "a reporting system by which basic information can be obtained and analyzed to more accurately assess the impact of foreign investment."

Your Committees on Consumer Protection and Commerce and Government Operations concur with the intent and purpose of S.R. No. 111 and recommend its adoption.

Signed by all members of the Committees except Senator Young.

SCRep. 2696 Government Operations on S.C.R. No. 63

The purpose of this concurrent resolution is to encourage state and county employees to present testimony to legislative bodies by giving them time off with pay, allow them to make up the time, or some combination thereof.

Your Committee received testimony from the Director of Personnel Services expressing support for employee participation in the legislative process "when the employee can offer a perspective ... because of the knowledge and experience the employee has gained on the job." However, the Director opined that, unless presenting the agency position, the employee "should speak out on such issues as a private citizen" and use "vacation time off with pay, leave without pay or to make up time."

Testimony was also presented by several government employees in support of the concurrent resolution. These employees persuasively argued that the democratic process works best when legislative bodies are exposed to "the widest possible range of information and opinion."

Your Committee strongly believes that public employees should be encouraged to exercise their First Amendment rights. Any retaliation, for presenting testimony at variance with the administration's position, should be grounds for immediate and severe disciplinary action against the retaliating supervisor.

Even the absence of clear procedures, establishing a liberal policy permitting employee time off to testify, is an unwarranted impediment to public employees' exercise of their First Amendment rights. Your Committee, therefore, has amended the concurrent resolution to urge the adoption of uniform and explicit procedures to liberally grant employees the opportunity to testify at legislative hearings; albeit with the inconvenience of using vacation time, taking unpaid leave or making up the time taken to testify.

Your Committee on Government Operations 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 except Senators Young and Cobb.

SCRep. 2697 Government Operations on S.C.R. No. 68

The purpose of this concurrent resolution is to urge the return of Kaho'olawe to the State of Hawaii and the County of Maui.

On March 18, 1981, Kaho'olawe, the smallest of the eight main islands of the State of Hawaii, was placed on the National Register of Historic Places in recognition of the historical, cultural, and educational value this island has to offer. Ironically, Kaho'olawe is the only area on the national or state registers which is used as a bombing and gunnery target by the United States military.

Executive Order 10436, which originally delegated control of Kaho'olawe to the Secretary of the Navy, mandates the return of the island to the State of Hawaii when it is no longer needed for naval purposes. Your Committee finds that alternative sites and methods for conducting military exercises are available to the Navy and, therefore, Kaho'olawe should be returned to the State.

Your Committee received testimony in support of this concurrent resolution from the Office of Hawaiian Affairs (OHA). The OHA testimony noted that its board passed two resolutions in 1986: 1) calling for a cessation of the shelling of Kaho'olawe and 2) calling for an informed analysis of the historical and traditional uses of Kaho'olawe, in cooperation with Protect Kaho'olawe Ohana. OHA further stated that proper rehabilitation of Kaho'olawe should be accomplished prior to its return to the State of Hawaii.

This concurrent resolution urges the United States Department of the Navy to discontinue the use of Kaho'olawe as a shelling and bombing target and to return the island to the State of Hawaii and the County of Maui as provided in Executive Order 10436.

Your Committee on Government Operations concurs with the intent and purpose of S.C.R. No. 68 and recommends its adoption.

Signed by all members of the Committee except Senators Young and Cobb.

SCRep. 2698 Government Operations on S.C.R. No. 71

The purpose of this concurrent resolution is to request the United States Congress to urge the Census Bureau to count ethnic groups separately.

Your Committee finds that the amount of federal funds granted to the states for various public purposes such as special programs in affirmative action, and education are often dependent on the official count of certain affected ethnic groups as determined by a census conducted by the Census Bureau. A new census form has been developed for the 1990 survey, which lumps together more than thirty ethnic groups under the heading "Asian and Pacific Islanders". This contrasts with the 1980 census, which counted Chinese, Filipino, Samoan and other ethnic groups separately.

This concurrent resolution protests the new census form because of this lumping together. Your Committee finds that subsuming distinct ethnic groups into a broad category will make it difficult for government agencies to provide appropriate assistance. Hiding those with special needs, through the use of broad categories, is a blatant attempt to avoid responsibility in order to save money. States like Hawaii, where a disproportionate percentage of the population will be affected by this artifice, will suffer an unwarranted loss of federal funds and will also find it difficult to appropriately construct state and county responses.

Your Committee on Government Operations concurs with the intent and purpose of S.C.R. No. 71, and recommends its adoption.

Signed by all members of the Committee except Senators Young and Cobb.

SCRep. 2699 Government Operations on S.R. No. 76

The purpose of this resolution is to encourage state and county employees to present testimony to legislative bodies by giving them time off with pay, allow them to make up the time, or some combination thereof.

Your Committee received testimony from the Director of Personnel Services expressing support for employee participation in the legislative process "when the employee can offer a perspective ... because of the knowledge and experience the employee has gained on the job." However, the Director opined that, unless presenting the agency position, the employee "should speak out on such issues as a private citizen" and use "vacation time off with pay, leave without pay or to make up time."

Testimony was also presented by several government employees in support of the resolution. These employees persuasively argued that the democratic process works best when legislative bodies are exposed to "the widest possible range of information and opinion."

Your Committee strongly believes that public employees should be encouraged to exercise their First Amendment rights. Any retaliation, for presenting testimony at variance with the administration's position, should be grounds for immediate and severe disciplinary action against the retaliating supervisor.

Even the absence of clear procedures, establishing a liberal policy permitting employee time off to testify, is an unwarranted impediment to public employees' exercise of their First Amendment rights. Your Committee, therefore, has amended the resolution to urge the adoption of uniform and explicit procedures to liberally grant employees the opportunity to testify at legislative hearings; albeit with the inconvenience of using vacation time, taking unpaid leave or making up the time taken to testify.

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 76, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as S.R. No. 76, S.D. 1.

Signed by all members of the Committee except Senators Young and Cobb.

SCRep. 2700 Consumer Protection and Commerce on S.C.R. No. 147

The purpose of this concurrent resolution is to request the sunrise review of the need to regulate businesses that process the public's money to third parties and in the course of that service, have custody of that money.

The review should focus on those entities which handle monies on behalf of others and which are currently not subject to any form of regulation. These are largely entities which come close to fitting other current regulatory programs in the Department of Commerce and Consumer Affairs, but which for some reason do not.

Your Committee finds that because these entities handle monies for third parties, a review of the need to regulate them is entirely appropriate.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.C.R. No. 147, and recommends its adoption.

Signed by all members of the Committee except Senators B. Kobayashi, Tungpalan and A. Kobayashi.

SCRep. 2701 (Joint) Consumer Protection and Commerce and Government Operations on S.C.R. No. 146

The purpose of this Concurrent Resolution is to urge the Congress and the Securities and Exchange Commission to exclude resale of condominium apartments from securities laws.

Currently, the laws of Hawaii governing the resale of condominium apartments amply protect purchasers who believe there has been a misrepresentation or fraud in any resale to them. The U.S. Securities and Exchange Commission Release No. 33-5347, dated January 4, 1973, does not address apartment owners reselling their condominium apartments. However, the recent case of Hocking v. Dubois (Ct. App. 9th Cir. 1988), held that the resale of any apartment in a condominium project which has a rental pool involves the sale of a security. This Concurrent Resolution urges the Congress and the Securities and Exchange Commission to exclude the resale of condominium apartments from the securities laws.

Your Committees find that the decision in Hocking v. Dubois now applies a whole body of securities law to situations in which securities laws have not been previously applied and is creating severe problems for condominium apartment owners, real estate brokers and salespersons, financial institutions, and associations of owners. The laws governing the resale of condominium apartments need to be clarified to avoid this confusion and, therefore, it is urged that the Congress and the Securities and Exchange Commission amend the Securities Act of 1933 and the Securities Exchange Act of 1934 to clarify the exclusion from the definition of the word "security" any resale of a condominium apartment.

Your Committees on Consumer Protection and Commerce and Government Operations concur with the intent and purpose of S.C.R. No. 146 and recommend its adoption.

Signed by all members of the Committees except Senators Young, B. Kobayashi and A. Kobayashi.

SCRep. 2702 (Joint) Consumer Protection and Commerce and Government Operations on S.R. No. 153

The purpose of this Resolution is to urge the Congress and the Securities and Exchange Commission to exclude resale of condominium apartments from securities laws.

Currently, the laws of Hawaii governing the resale of condominium apartments amply protect purchasers who believe there has been a misrepresentation or fraud in any resale to them. The U.S. Securities and Exchange Commission Release No. 33-5347, dated January 4, 1973, does not address apartment owners reselling their condominium apartments. However, the recent case of Hocking v. Dubois (Ct. App. 9th Cir. 1988), held that the resale of any apartment in a condominium project which has a rental pool involves the sale of a security. This Concurrent Resolution urges the Congress and the Securities and Exchange Commission to exclude the resale of condominium apartments from the securities laws.

Your Committees find that the decision in Hocking v. Dubois now applies a whole body of securities law to situations in which securities laws have not been previously applied and is creating severe problems for condominium apartment owners, real estate brokers and salespersons, financial institutions, and associations of owners. The laws governing the resale of condominium apartments need to be clarified to avoid this confusion and, therefore, it is urged that the Congress and the Securities and Exchange Commission amend the Securities Act of 1933 and the Securities Exchange Act of 1934 to clarify the exclusion from the definition of the word "security" any resale of a condominium apartment.

Your Committees on Consumer Protection and Commerce and Government Operations concur with the intent and purpose of S.R. No. 153 and recommend its adoption.

Signed by all members of the Committees except Senators Young, B. Kobayashi and A. Kobayashi.

SCRep. 2703 Government Operations on S.R. No. 80

The purpose of this resolution is to urge the return of Kaho'olawe to the State of Hawaii and the County of Maui.

On March 18, 1981, Kaho'olawe, the smallest of the eight main islands of the State of Hawaii, was placed on the National Register of Historic Places in recognition of the historical, cultural, and educational value this island has to offer. Ironically, Kaho'olawe is the only area on the national or state registers which is used as a bombing and gunnery target by the United States military.

Executive Order 10436, which originally delegated control of Kaho'olawe to the Secretary of the Navy, mandates the return of the island to the State of Hawaii when it is no longer needed for naval purposes. Your Committee finds that alternative sites and methods for conducting military exercises are available to the Navy and, therefore, Kaho'olawe should be returned to the State.

Your Committee received testimony in support of this resolution from the Office of Hawaiian Affairs (OHA). The OHA testimony noted that its board passed two resolutions in 1986: 1) calling for a cessation of the shelling of Kaho'olawe and 2) calling for an informed analysis of the historical and traditional uses of Kaho'olawe, in cooperation with Protect Kaho'olawe Ohana. OHA further stated that proper rehabilitation of Kaho'olawe should be accomplished prior to its return to the State of Hawaii.

This resolution urges the United States Department of the Navy to discontinue the use of Kaho'olawe as a shelling and bombing target and to return the island to the State of Hawaii and the County of Maui as provided in Executive Order 10436.

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 80 and recommends its adoption.

Signed by all members of the Committee except Senators Young and Cobb.

SCRep. 2704 Government Operations on S.R. No. 82

The purpose of this resolution is to request the United States Congress to urge the Census Bureau to count ethnic groups separately.

Your Committee finds that the amount of federal funds granted to the states for various public purposes such as special programs in affirmative action, and education are often dependent on the official count of certain affected ethnic groups as determined by a census conducted by the Census Bureau. A new census form has been developed for the 1990 survey, which lumps together more than thirty ethnic groups under the heading "Asian and Pacific Islanders". This contrasts with the 1980 census, which counted Chinese, Filipino, Samoan and other ethnic groups separately.

This resolution protests the new census form because of this lumping together. Your Committee finds that subsuming distinct ethnic groups into a broad category will make it difficult for government agencies to provide appropriate assistance. Hiding those with special needs, through the use of broad categories, is a blatant attempt to avoid responsibility in order to save money. States like Hawaii, where a disproportionate percentage of the population will be affected by this artifice, will suffer an unwarranted loss of federal funds and will also find it difficult to appropriately construct state and county responses.

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 82, and recommends its adoption.

Signed by all members of the Committee except Senators Young and Cobb.

SCRep. 2705 Transportation on H.B. No. 3540

The purpose of this bill is to provide the owner of an impounded vessel an opportunity for an administrative hearing prior to disposition of the vessel.

Under current law, the Department of Transportation (DOT) may, seventy-two hours after posting a notice to remove any unauthorized vessel from a state harbor, impound the vessel at the cost and risk of the owner of the vessel.

This bill requires the DOT, within seventy-two hours of impoundment, to notify the registered owner or operator of the impoundment of the unauthorized vessel. The owner or operator has ten days after receipt of the notice to request an administrative hearing. This hearing is to allow the owner or operator to contest the basis given by the DOT for the administrative impoundment of the vessel. The hearing must be held within seventy-two hours of the DOT's receipt of the hearing request.

Your Committee finds that providing for administrative hearings will guarantee owners full due process of law, and concurs with the intent of this bill.

Your Committee on Transportation is in accord with the intent and purpose of H.B. No. 3540 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2706 Judiciary on S.C.R. No. 148

The purpose of this resolution is to request the Juvenile Justice Interagency Board with the assistance of the Hawaii Youth Service Network - Deinstitutionalization of Status Offenders Project, to conduct a comprehensive analysis of the youth gang problem in Hawaii, including the development of a survey of youth gang activity elsewhere and measures taken in other states and cities to deal with it, and legislation to alleviate the proposal as it exists in the State of Hawaii.

Your Committee received testimony in support of the resolution from the Juvenile Justice Interagency Board, the Honolulu Police Department, the Hawaii Youth Services Network, and Earl Matsuoka of the Advisory Group.

The resolution would identify and define the youth gang problem in Hawaii. The study will also provide a basis for planning and allocation of resources, and any preventive measures when needed.

Your Committee on Judiciary concurs with the intent and purpose of S.C.R. No. 148, and recommends its adoption.

Signed by all members of the Committee except Senators Menor, Chang, Solomon and Tungpalan.

SCRep. 2707 Judiciary on S.C.R. No. 3

The purpose of this resolution is to urge criminal justice agencies to take appropriate action to provide for the electronic exchange of criminal fingerprint identification information by member states of the Western Legislative conference.

Your Committee held a public hearing and received favorable testimony from the Department of the Attorney General.

Further, your Committee has amended this resolution by adding the following:

- 1) Requesting the Hawaii Criminal Justice Data Center to expedite the successful completion of Act 380, Session Laws of Hawaii 1987, relating to the Establishment of a Computerized Fingerprint Identification System;
- 2) The Hawaii Criminal Justice Data Center to plan for the eventual electronic exchange of criminal fingerprint identification information with member states of the Western Legislative Conference; and
- 3) The Legislative Auditor be requested to study the feasibility of interfacing the Hawaii Automated Fingerprint Information Systems (AFIS).

Your Committee on Judiciary concurs with the intent and purpose of S.C.R. 3, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. 3, S.D. 1.

Signed by all members of the Committee except Senators Menor, Chang, Solomon and and Tungpalan.

SCRep. 2708 Judiciary on S.C.R. No. 5

The purpose of this resolution is to support the imposition of attorney's fees against attorneys who file frivolous motions in a civil action.

Your Committee finds that a possible contributing factor to the high costs of litigation is the filing of frivolous motions, including claims and defenses. Accordingly, attorney's fees should be imposed upon attorneys who file frivolous, motions, claims, and defenses under applicable statutes or court rules allowing for such sanctions.

Your Committee has amended this resolution for purposes of style and clarity.

Your Committee on Judiciary concurs with the intent and purpose of S.C.R. No. 5, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 5, S.D. 1.

Signed by all members of the Committee except Senators Menor, Chang, Solomon and Tungpalan.

SCRep. 2709 Judiciary on S.C.R. No. 107

The purpose of this concurrent resolution is to request a study of alternative sentencing for intrafamily child sex offenders. Your Committee held a hearing on this resolution and received favorable testimony from the Judiciary, the Department of the Attorney General and the Department of Human Services.

Your Committee agrees with the testimony presented that post-conviction alternatives to incarceration should be explored for intrafamily sex abusers in order to achieve the objectives of preventing revictimization of the child or children, rehabilitation of the offender as well as the offender's family, and punishment of the offender.

Your Committee has made technical amendments to the resolution to correct typographical errors.

Your Committee on Judiciary concurs with the intent and purpose of S.C.R. No. 107, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 107, S.D. 1.

Signed by all members of the Committee except Senators Menor, Chang, Solomon and Tungpalan.

SCRep. 2710 Housing, Hawaiian Programs and Natural Resources on H.B. No. 2085

The purpose of this bill is to increase the maximum amount payable for replacement housing to homeowners and residential tenants who have been displaced by State action.

Current law provides for a maximum payment of \$5,000 to a displaced homeowner and \$1,500 to a displaced tenant. This bill proposes to increase those amounts to \$15,000 and \$4,000 respectively.

Your Committee finds that this bill will bring the State law into conformance with federal law, provide for more equitable compensation for those who are displaced, and update allowable replacement housing payments so that actual payments may be in line with current housing costs.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 2085 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2711 Housing, Hawaiian Programs and Natural Resources on H.B. No. 2083

The purpose of this bill is to increase the amount of compensation paid to persons displaced by a state agency.

Currently, Section 111-3, Hawaii Revised Statutes, provides that any displaced person who moves from a dwelling may receive a moving expense allowance not to exceed \$200, and a dislocation allowance in the amount of \$100. This bill will increase the maximum moving expense allowance to \$300, and increase the dislocation allowance to \$200.

Your Committee received favorable testimony from the Department of Business and Economic Development and the Department of Housing and Community Development of the City and County of Honolulu indicating that the proposed increases will make the compensation payable to displaced persons in Hawaii consistent with that allowed in federal relocation programs. Your Committee finds that the bill will provide a more equitable amount of compensation to displacees.

Your Committee on Housing, Hawaiian Programs and Natural Resources is in accord with the intent and purpose of H.B. No. 2083 and recommends that it pass Second Reading and be placed on the calendar for Third Reading.

Signed by all members of the Committee.

SCRep. 2712 Public Utilities on S.R. No. 172

The purpose of this resolution is to urge the State to consider, during the next fiscal biennium, that the enhanced 911 (E911) system should be extended to serve every island in the State.

Your Committee received strong supportive testimony from the Office of the Mayor of Hawaii and Kauai counties, the Honolulu Police Department, the State Department of Health, Hawaiian Telephone Company, as well as numerous concerned individuals.

Your Committee finds that the islands of Hawaii and Molokai are currently without 911 emergency phone service. The telephone network configuration servicing these two islands has precluded the economic installation of 911 emergency service.

The recently developed E911 service identifies emergency calls and the exact location utilizing a computerized tracing system. This is a significant enhancement over existing 911 systems as the emergency operator is able to immediately overcome any problems related to a verification of the location of the emergency. Verification of the source of an emergency call is a particular problem not addressed by currently installed 911 service systems. Specifically:

1. A single answering point for "911" calls, which may be sufficiently distant such as in rural areas, that the operator may be unfamiliar with the locale;
2. In some rural counties, some homes do not have formal addresses and the location is defined in terms of landmarks; and
3. Tourists can have extreme difficulty, particularly under the stress of an emergency situation, determining their location and communicating it correctly to the operator.

Your Committee finds that the cost of implementing the E911 service has prevented some counties from receiving the benefits of this service. In emergency situations, time is a critical factor which many times has life or death implications.

Your Committee recommends that appropriate consideration be given by the State to assist the counties in implementing an E911 system at the earliest possible date.

Your Committee has amended this resolution by adding that a certified copy of this resolution be sent to the Mayors of all the Counties.

Your Committee on Public Utilities is in accord with the intent and purpose of S.R. No. 172, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 172, S.D. 1.

Signed by all members of the Committee except Senator Chang.

SCRep. 2713 Public Utilities on S.C.R. No. 168

The purpose of this concurrent resolution is to urge the State to consider, during the next fiscal biennium, that the enhanced 911 (E911) system should be extended to serve every island in the State.

Your Committee received strong supportive testimony from the Office of the Mayor of Hawaii and Kauai counties, the Honolulu Police Department, the State Department of Health, Hawaiian Telephone Company, as well as numerous concerned individuals.

Your Committee finds that the islands of Hawaii and Molokai are currently without 911 emergency phone service. The telephone network configuration servicing these two islands has precluded the economic installation of 911 emergency service.

The recently developed E911 service identifies emergency calls and the exact location utilizing a computerized tracing system. This is a significant enhancement over existing 911 systems as the emergency operator is able to immediately overcome any problems related to a verification of the location of the emergency. Verification of the source of an emergency call is a particular problem not addressed by currently installed 911 service systems. Specifically:

1. A single answering point for "911" calls, which may be sufficiently distant such as in rural areas, that the operator may be unfamiliar with the locale;
2. In some rural counties, some homes do not have formal addresses and the location is defined in terms of landmarks; and
3. Tourists can have extreme difficulty, particularly under the stress of an emergency situation, determining their location and communicating it correctly to the operator.

Your Committee finds that the cost of implementing the E911 service has prevented some counties from receiving the benefits of this service. In emergency situations, time is a critical factor which many times has life or death implications.

Your Committee recommends that appropriate consideration be given by the State to assist the counties in implementing an E911 system at the earliest possible date.

Your Committee has amended this concurrent resolution by adding that a certified copy of this concurrent resolution be sent to the Mayors of all the Counties.

Your Committee on Public Utilities is in accord with the intent and purpose of S.C.R. No. 168, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 168, S.D. 1.

Signed by all members of the Committee except Senator Chang.

SCRep. 2714 Government Operations on S.C.R. No. 64

The purpose of this concurrent resolution is to request the Legislative Reference Bureau (LRB) to conduct a study of the ability of immigrants in the State who speak limited or no English to access government services.

This concurrent resolution also requests the Office of Community Services to assist the LRB in its study by providing the necessary information needed to conduct the study. The LRB is also requested to consult various community organizations and immigrant service programs to ascertain the level of access to government services experienced by immigrants with a limited knowledge of English.

The 1980 Census showed that 4.9 percent of Hawaii residents could not speak the English language well or not at all. Some of these people have needs relating to housing, employment, education, public assistance, health, immigration matters, and other concerns, which necessitate their interaction with government agencies. For many of these people, their inability to speak English proficiently adversely affects their rightful access to benefits and services provided by the government.

Your Committee heard testimony in support of this concurrent resolution from the Director of Health, the Director of Labor and Industrial Relations, the Catholic Charities of the Diocese of Honolulu, the Susannah Wesley Community Center, the Kalihi Palama Immigrant Service Center, the Inter Agency Council for Immigrant Services, the Central Samoan Methodist Church, the Kawaiahao Church and the Bilingual Access Line. Your Committee also heard testimony from the Director of the LRB, recommending that the study be accomplished by the Office of Community Services in accordance with Section 371K-4, Hawaii Revised Statutes.

Your Committee concurs with the recommendation of the Director of the LRB and has amended the concurrent resolution accordingly. Your Committee finds that individuals with limited or no fluency in written and spoken English have special needs and this resolution can initiate the process of appropriately meeting those needs.

Your Committee on Government Operations concurs with the intent and purpose of S.C.R. No. 64, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 64, S.D. 1.

Signed by all members of the Committee except Senator George.

SCRep. 2715 (Joint) Consumer Protection and Commerce and Government Operations on S.C.R. No. 80

The purpose of this concurrent resolution is to urge the Congress of the United States to enact legislation that will place reasonable prospective limits on the purchase of land by foreign investors.

Your Committees received testimony from the Department of Business and Economic Development noting that "foreign investment has been critical to Hawaii since the time of Kamehameha III" and urging that we "take care and not send out the wrong signals." The testimony suggested that "establishing a reporting requirement" was the appropriate first step, noting that Congress is now considering such a reporting requirement.

Upon reflection, your Committees have concluded that an appeal for congressional help is not the most appropriate course of action. After all, massive foreign investment is the direct and proximate result of Congress' irresponsible deficit spending.

Consequently, your Committees have amended the concurrent resolution to elicit a local response, consonant with the advice of the Department of Business and Economic Development. Specifically, the concurrent resolution was amended to ask the the Department of Business and Economic Development, with the assistance of the Department of Commerce and Consumer Affairs, the University of Hawaii, and the Department of the Attorney General, to:

- 1) Develop criteria to distinguish "positive foreign investment" from "detrimental foreign investment";
- 2) Identify attributes of foreign investment which tend to make it either more or less beneficial than domestic investment;
- 3) Define the legal constraints on state actions requiring disclosure of foreign investment;
- 4) Define the legal constraints on state actions limiting foreign investment, including both categorical limitation and quantitative limitation;
- 5) Explain current state and federal laws which make it difficult to determine the amount and type of foreign investment, specifically including both corporate laws and the provisions of Chapter 558 on land trusts; and
- 6) Establish, to the extent data is available, the quantum of foreign investment, investment trends, areas of concentration, and the impact of investment on those sectors of the economy and society where a noticeable impact has occurred.

Your Committees have also included a clause requesting the Department of Business and Economic Development to report on its findings and recommendations no later than twenty days prior to the convening of the Regular Session of 1989.

Your Committees on Consumer Protection and Commerce and Government Operations concur with the intent and purpose of S.C.R. No. 80, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 80, S.D. 1.

Signed by all members of the Committees except Senators Aki, Chang, Nakasato and George.

SCRep. 2716 Agriculture, Energy, and Ocean Resources on S.R. No. 84

The purpose of this Resolution is to request the Governor's Agriculture Coordinating Committee to develop, in cooperation with the United States Department of Agriculture, a control program to prevent the spread of, and to alleviate damages caused by bulbuls and other potential bird pest on Oahu.

The red-vented and red-whiskered bulbuls are birds which have caused significant damage to fruit and flower crops on Oahu. Although the bulbul is presently confined to Oahu, neighbor island farmers fear its spread throughout the State.

This Resolution addresses this problem by specifically requesting the State to control the spread of the bulbul.

Your Committee received favorable testimonies supporting this Resolution from the Department of Agriculture, the University of Hawaii College of Tropical Agriculture and Human Resources, the University of Hawaii Environmental Center, and the Hawaii Farm Bureau.

Your Committee has amended the Resolution by requesting the University of Hawaii College of Tropical Agriculture and Human Resources, rather than the Governor's Agriculture Coordinating Committee, to report on the manner in which the bird pest problem could be assessed and to develop the control program for the bulbul.

Your Committee on Agriculture, Energy, and Ocean Resources concurs with the intent and purpose of S.R. No. 84, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 84, S.D. 1.

Signed by all members of the Committee.

SCRep. 2717 Agriculture, Energy and Ocean Resources on S.C.R. No. 74

The purpose of this Concurrent Resolution is to request the Governor's Agriculture Coordinating Committee to develop, in cooperation with the United States Department of Agriculture, a control program to prevent the spread of, and to alleviate damages caused by bulbuls and other potential bird pest on Oahu.

The red-vented and red-whiskered bulbuls are birds which have caused significant damage to fruit and flower crops on Oahu. Although the bulbul is presently confined to Oahu, neighbor island farmers fear its spread throughout the State.

This Concurrent Resolution addresses this problem by specifically requesting the State to control the spread of the bulbul.

Your Committee received favorable testimonies supporting this Concurrent Resolution from the Department of Agriculture, the University of Hawaii College of Tropical Agriculture and Human Resources, the University of Hawaii Environmental Center, and the Hawaii Farm Bureau.

Your Committee has amended the Concurrent Resolution by requesting the University of Hawaii College of Tropical Agriculture and Human Resources, rather than the Governor's Agriculture Coordinating Committee, to report on the manner in which the bird pest problem could be assessed and to develop the control program for the bulbul.

Your Committee on Agriculture, Energy, and Ocean Resources 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. 2718 Agriculture, Energy and Ocean Resources on S.C.R. No. 55

The purpose of this Concurrent Resolution is to request the Department of Business and Economic Development and the Department of Agriculture to study the economic feasibility of utilizing land in the Ka'u area for agricultural-type uses.

Testimonies were received from the Department of Agriculture (DOA), the Department of Business and Economic Development (DBED), and the College of Tropical Agriculture and Human Resources (CTAHR) of the University of Hawaii. While all agencies were supportive of the Concurrent Resolution, concerns were raised over the proposed study approach and also over the responsibilities assigned to the agencies.

The DOA reported that the CTAHR has developed a methodology for analyzing the potential for new diversified agricultural crops called the production-marketing-consumption (PMC) system. Its concepts have been used to organize an alternative crops industry analysis on the feasibility of various crops. In view of this capability, the DOA recommended that the CTAHR and the Governor's Agriculture Coordinating Committee be named as lead agencies with DOA assisting in this area.

The CTAHR indicated its willingness to assume lead agency responsibility, and addressed the complexity of the required study by listing some additional variables that need to be considered in the analysis, including State districting, county zoning, and land ownership. The CTAHR recommended that the Concurrent Resolution be amended to request a report on the means and costs of conducting the study.

The DBED acknowledged its role in the promotion and expansion of local products but expressed concern over lead agency designations. After discussion, DBED concurred that the CTAHR should assume lead agency responsibility for the assessment of suitability of utilizing land in the Ka'u area for agricultural-type uses.

Your Committee, after discussion and consideration of this Concurrent Resolution, has amended the Concurrent Resolution to reflect the change in lead agency designation from the DOA and DBED to the CTAHR and DBED, to make reference to the production-marketing-consumption system developed by the CTAHR, to specify the requirement for a cost proposal, to add a reporting time requirement, and to make nonsubstantive changes in the fifth and sixth WHEREAS clauses.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.C.R. No. 55, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 55, S.D. 1.

Signed by all members of the Committee.

SCRep. 2719 Military and Civil Defense on S.R. No. 15

The purpose of this resolution is to honor civilian victims of the attack on Pearl Harbor.

On December 7, 1941, more than 2,000 military men and over 100 civilians who lived or worked in the area were killed or wounded in the attack on Pearl Harbor. The sunken USS Arizona serves as a national shrine for the military men who were wounded or died while serving their country. However, little notice is paid to the civilians who also made contributions at Pearl Harbor which were equally important.

This resolution recognizes the sacrifices of these civilians by requesting the State Department of Defense to plan and design a memorial in honor of the civilian victims killed at Pearl Harbor in preparation for the fiftieth anniversary of the attack on Pearl Harbor in 1991. The Adjutant General is directed to submit a report of the plan and design to the Legislature.

Your Committee has amended the resolution by correcting a typographical error to direct the Adjutant General to submit the report to the Legislature twenty days prior to the convening of the Regular Session of 1989, rather than the Regular Session of 1988.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.R. No. 15, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 15, S.D. 1

Signed by all members of the Committee.

SCRep. 2720 Military and Civil Defense on S.C.R. No. 13

The purpose of this concurrent resolution is to honor civilian victims of the attack on Pearl Harbor.

On December 7, 1941, more than 2,000 military men and over 100 civilians who lived or worked in the area were killed or wounded in the attack on Pearl Harbor. The sunken USS Arizona serves as a national shrine for the military men who were wounded or died while serving their country. However, little notice is paid to the civilians who also made contributions at Pearl Harbor which were equally important.

This concurrent resolution recognizes the sacrifices of these civilians by requesting the State Department of Defense to plan and design a memorial in honor of the civilian victims killed at Pearl Harbor in preparation for the fiftieth anniversary of the attack on Pearl Harbor in 1991. The Adjutant General is directed to submit a report of the plan and design to the Legislature.

Your Committee has amended the concurrent resolution by correcting a typographical error to direct the Adjutant General to submit the report to the Legislature twenty days prior to the convening of the Regular Session of 1989, rather than the Regular Session of 1988.

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. 2721 Military and Civil Defense on S.R. No. 19

The purpose of this resolution is to recognize military identification cards as a proper means of identification.

Approximately 58,700 officers and enlisted personnel on active duty and 67,200 military family members are in Hawaii, contributing in many ways to the welfare of the State. Although the presence of military personnel and families is significant to Hawaii's economy, there continues to be a failure on the part of government agencies and retail merchants to recognize military identification cards as a proper means of identification.

This resolution urges all agencies of the State and County governments and all retail merchants to recognize military identification cards as a proper means of identification.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.R. No. 19 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2722 Military and Civil Defense on S.C.R. No. 15

The purpose of this concurrent resolution is to recognize military identification cards as a proper means of identification.

Approximately 58,700 officers and enlisted personnel on active duty and 67,200 military family members are in Hawaii, contributing in many ways to the welfare of the State. Although the presence of military personnel and families is significant to Hawaii's economy, there continues to be a failure on the part of government agencies and retail merchants to recognize military identification cards as a proper means of identification.

This concurrent resolution urges all agencies of the State and County governments and all retail merchants to recognize military identification cards as a proper means of identification.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.C.R. No. 15 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2723 Military and Civil Defense on S.R. No. 55

The purpose of this resolution is to request the Legislative Reference Bureau to conduct a study of the availability and accessibility of adult residential care homes, intermediate care, and skilled nursing beds for veterans throughout the State.

Veterans have contributed much to the State, not only by risking their lives during time of war, but also as valuable contributing members of our democratic society. Veterans represent over ten percent of the State's population or about 100,000 persons, almost 16,000 of whom are over the age of sixty-five. It is expected that within two years that number will increase to almost 24,000.

The State is faced with the problem of providing adequate care for veterans who have served their country and State honorably, admirably, and faithfully. But before any effort is expended in this endeavor, a study is needed to assess the status of care presently available in the community for veterans.

This resolution will provide the State with the necessary data and information to comprehensively and competently address the concerns of veterans.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.R. No. 55 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 2724 Military and Civil Defense on S.C.R. No. 49

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to conduct a study of the availability and accessibility of adult residential care homes, intermediate care, and skilled nursing beds for veterans throughout the State.

Veterans have contributed much to the State, not only by risking their lives during time of war, but also as valuable contributing members of our democratic society. Veterans represent over ten percent of the State's population or about 100,000 persons, almost 16,000 of whom are over the age of sixty-five. It is expected that within two years that number will increase to almost 24,000.

The State is faced with the problem of providing adequate care for veterans who have served their country and State honorably, admirably, and faithfully. But before any effort is expended in this endeavor, a study is needed to assess the status of care presently available in the community for veterans.

This concurrent resolution will provide the State with the necessary data and information to comprehensively and competently address the concerns of veterans.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.C.R. No. 49 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2725 Military and Civil Defense on S.C.R. No. 46

The purpose of this concurrent resolution is to request the Legislative Auditor to conduct a study on veterans programs in the State, particularly in the areas of health and elderly services provided by the federal and state governments.

Veterans have contributed much to the State, not only by risking their lives during time of war, but also by being valuable contributing members of our democratic society.

The State of Hawaii is the home of more than 102,000 veterans. Of that total about 15,700 are age 65 and over and almost 1,000 are over the age of 80. In two years, the number of veterans age 65 and over will increase to 23,900, and by the year 2000, the total number of older veterans will mushroom to more than 35,700. That is a 127 percent increase in just twelve years.

As these elderly veterans age, they will require supportive services to maintain maximum independence and dignity. Presently aged veterans receive the same intensity of services through the aging network as all individuals age 60 and over.

A study of veterans programs by the Legislative Auditor would provide the State Office on Veterans Affairs and other agencies with invaluable information and insight into this specific population to provide the services necessary to accommodate the veterans of the State.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.C.R. No. 46, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2726 Government Operations on S.R. No. 184

The purpose of this concurrent resolution is to urge the State of Hawaii and the County of Hawaii to work together in a collaborative effort to ensure that the public view and open space currently existing makai of the Kawaihae-Mahukona-Hawi Road will be preserved.

This land area, which is relatively undeveloped, contains Lapakahi State Historical Park, an ancient Hawaiian coastal settlement, and Mookini Heiau State Monument, one of the most famous heiaus on the island. This resolution seeks to preserve the open space and scenic view by urging the State and the County of Hawaii to discourage subdivision and building development makai of the Kawaihae-Mahukona-Hawi Road.

Your Committee received testimony in support of this resolution from the Department of Land and Natural Resources and the Department of Transportation.

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 184 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2727 Government Operations on S.C.R. No. 179

The purpose of this concurrent resolution is to urge the State of Hawaii and the County of Hawaii to work together in a collaborative effort to ensure that the public view and open space currently existing makai of the Kawaihae-Mahukona-Hawi Road will be preserved.

This land area, which is relatively undeveloped, contains Lapakahi State Historical Park, an ancient Hawaiian coastal settlement, and Mookini Heiau State Monument, one of the most famous heiaus on the island. This concurrent resolution

seeks to preserve the open space and scenic view by urging the State and the County of Hawaii to discourage subdivision and building development makai of the Kawaihae-Mahukona-Hawi Road.

Your Committee received testimony in support of this concurrent resolution from the Department of Land and Natural Resources and the Department of Transportation.

Your Committee on Government Operations concurs with the intent and purpose of S.C.R. No. 179 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2728 Ways and Means on S.C.R. No. 216

The purpose of this resolution is to request the Department of Taxation, the entity tracking this information, to study whether the State's tobacco taxes are being paid as required by law and the feasibility of affixing stamps on packages of cigarettes as evidence of payment of the tax.

Your Committee received testimony from the Department of Taxation, the Tax Foundation of Hawaii, and the Tobacco Institute, and finds that the allegations of black market sales of cigarettes are serious enough to warrant further investigation as to the extent of the black market sales, the extent of the loss of state tax revenues, and the exploration of reasonable means to stem those losses, if any.

Your Committee on Ways and Means concurs with the intent and purpose of S.C.R. No. 216 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2729 Transportation on S.C.R. No. 29

The purpose of this concurrent resolution is to change the name of the Hilo Airport and to name the main terminal "General Lyman Terminal".

Albert Kaualii Brickwood Lyman, born in Hamakua, Hawaii, was the first person of Hawaiian blood to be appointed Brigadier General of the United States Army. In 1943 the Territorial Legislature issued a Joint Resolution to give the former Hilo Airport at Waiakea, Hilo, Hawaii the official name of General Lyman Field.

In 1967 a new Hilo Airport was constructed to handle jetliners from the mainland and a new terminal was dedicated in May 1976. Changing the name of Hilo Airport to "Hilo International Airport" would make the airport easily identifiable to mainland and foreign passengers in addition to the community, and naming the main terminal "General Lyman Terminal" would still preserve the State's recognition of General Lyman's contributions to Hawaii.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 29 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2730 Transportation on S.C.R. No. 108

The purpose of this Concurrent Resolution is to request that all airlines providing service to and from Hawaii provide at least one daily nonsmoking flight between the islands and the mainland.

Your Committee finds that the dangers of exposure to second-hand smoke have been well documented, and that these dangers are especially present on airlines, where smoke drifts and is recirculated.

Your Committee received testimony from the Honolulu Airlines Committee, (on behalf of the twenty airlines serving Hawaii), indicating that the regulation of the airlines in this country is preempted by the Federal government. As a result the airlines feel that for competitive reasons they cannot provide nonsmoking flights until the Federal government orders them to do so. Furthermore, placing this restriction on foreign airlines would be a hardship since 1) a daily flight may constitute 50 - 100 percent of their schedules, and 2) in some flights to foreign countries, the majority of travelers are smokers.

Your Committee also received testimony from the Department of Health in support of this Concurrent Resolution.

Your Committee, upon consideration of the testimonies, has amended the Concurrent Resolution to request only domestic airlines providing service to and from Hawaii to conduct a survey on the feasibility of providing nonsmoking flights between the islands and the mainland, including a passenger survey.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 108, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 108, S.D. 1.

Signed by all members of the Committee except Senators Holt, Menor and George.

SCRep. 2731 (Joint) Ways and Means and Transportation on S.C.R. No. 125

The purpose of this concurrent resolution is to request the Department of Taxation, in cooperation with the Department of Transportation, to recommend applicable tax exemptions and other incentives for private businesses that develop

transportation management programs such as carpooling and buspooling for their employees, in order to relieve traffic congestion on Hawaii's highways.

Your Committees find that traffic congestion is a significant problem in Hawaii and that alternative means of transportation must be fully explored. Carpooling and buspooling appear to be viable alternatives to help alleviate traffic congestion. This concurrent resolution seeks recommendations from state departments on applicable tax exemptions and other incentives for private businesses that develop transportation management programs.

Your Committees received favorable testimony from the Department of Transportation and the Oahu Metropolitan Planning Organization; testimony from the Tax Foundation of Hawaii expressing the Foundation's review of the concurrent resolution; and testimony from the Department of Taxation in opposition of the concurrent resolution.

Your Committees, after hearing the testimony from the Department of Taxation, feels that the affects of tax exemptions on the revenue of the State and the possibility of eliminating obsolete tax exemptions to compensate for lost revenue should be explored prior to the adoption of such tax exemptions. Your Committees have therefore amended the concurrent resolution to request the Departments of Taxation and Transportation to conduct a feasibility study of possible tax exemptions, rather than recommend applicable tax exemptions, for private businesses that develop transportation management programs such as carpooling and buspooling for their employees.

Your Committees on Ways and Means and Transportation concur with the intent and purpose of S.C.R. No. 125, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 125, S.D. 1.

Signed by all members of the Committees.

SCRep. 2732 Transportation on S.C.R. No. 124

The purpose of this Concurrent Resolution is to request the Department of Transportation to conduct a study on the feasibility of an interisland ferry system in the State.

During the 1970's a company by the name of SeaFlite provided interisland ferry services as an alternative to air travel. Although SeaFlite was not successful, it gave the State an indication that an interisland ferry service can be a viable alternative for interisland travelers.

In view of the development of swift, dependable, safe, and seakindly ferry vessels and continuing increases in air fare, your Committee finds that the time is right to look into the possibility of an interisland ferry system.

Your Committee has amended the Concurrent Resolution by deleting the phrase "on the feasibility" from the title, and deleting the word "feasibility" from the BE IT RESOLVED clause, by including another BE IT FURTHER RESOLVED clause to request that the study include a report on what neighbor island and Oahu harbor facilities would be suitable and available for an interisland ferry system, selection of the craft design, and a summation of potential benefits, and by including "superOutriggers" as another type of craft which would be suitable for use in an interisland ferry system.

Your Committee on Transportation 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 except Senators Holt and Menor.

SCRep. 2733 Transportation on S.C.R. No. 129

The purpose of this concurrent resolution is to request that the Department of Transportation study the effects of deregulating paratransit services during peak hour traffic hours, as a means of supplementing public transit services and addressing traffic congestion.

Currently, public transportation is regulated to insure the quality of service, safety of the equipment provided, reasonableness of fares charged, and fairness of the practices of the public utility operator.

Your Committee received favorable testimony from Lieutenant Governor Benjamin J. Cayetano, the Public Utilities Commission, and the Oahu Metropolitan Planning Organization. Upon further consideration, your Committee finds that deregulation is too extreme and would not adequately protect the public interest. However, reduced regulation and simplification of the regulatory process may encourage paratransit operators to provide services during peak traffic hours with resulting cost savings and reduced traffic congestion. Therefore, your Committee has amended the concurrent resolution by appropriately amending the title and body of the concurrent resolution to request a study of reduced regulation of paratransit services.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 129, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 129, S.D. 1.

Signed by all members of the Committee except Senators Holt and Menor.

SCRep. 2734 Transportation on S.C.R. No. 130

The purpose of this concurrent resolution is to request the Department of Transportation (DOT) to review its jurisdictional authority pertaining to helicopter operations within the State.

The DOT is also requested to submit a report to the Legislature clarifying and specifically setting forth its jurisdiction and responsibility relating to regulation of helicopter operations in the State, and to refrain from formally adopting any proposed rules relating to helicopter operations in the State until the Legislature has had an opportunity to review and assess the report.

The increase in helicopter operations throughout the State has caused disturbances to communities near out-of-the-way valleys and other scenic spots. The DOT has proposed rules governing helicopter operations but has not conferred with the local communities in the development of the rules. In addition, there has been some confusion regarding the jurisdictional authority of the DOT as it pertains to helicopter operations within the State.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 130 and recommends its adoption.

Signed by all members of the Committee except Senators Holt and Menor.

SCRep. 2735 Transportation on S.C.R. No. 126

The purpose of this Concurrent Resolution is to request the Department of Transportation (DOT), in cooperation with the Department of Education (DOE), to conduct a study to determine the impact on traffic flow if bus service is provided for students living within one mile of a public school.

This Concurrent Resolution also requests the DOE to provide the DOT with the necessary information, including the number of students living within one mile of school; urges the DOE to amend the school bus policy to provide bus service to students living within one mile of school if providing bus service for students living within one mile of a public school is found to alleviate some traffic congestion; and requests the DOT to report its findings and recommendations to the Legislature twenty days before the convening of the Regular Session of 1989.

Traffic congestion is an ever increasing problem in the State of Hawaii, especially when students are transported to and from school in private automobiles. The public school system offers bus service only to students living beyond the one mile radius of school, leaving students who live within the one mile radius to find their own way to school. Your Committee finds that, despite the fact students may live relatively close to a school, parents may prefer, for safety reasons, to drop-off their children personally. This practice adds to the traffic congestion.

Your Committee received testimony from the DOE stating that information on the number of students living within one mile of school is not currently available statewide, and that it would require some time and funds to collect and compile the data. Your Committee finds, however, that this information is available for the island of Kauai. Your Committee has therefore amended the Concurrent Resolution to restrict the study to the island of Kauai only.

Your Committee has further amended the concurrent resolution to request the DOT to designate other problem areas throughout the State where the DOE policy of not providing bus service to students living within one mile of school may contribute to traffic congestion.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 126, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 126, S.D. 1.

Signed by all members of the Committee except Senator Holt.

SCRep. 2736 Transportation on S.C.R. No. 144

The purpose of this Concurrent Resolution is to request Aloha and Hawaiian Airlines to provide half-fare rates for children.

Although the airlines have provided special rates to children in previous years, they do not presently offer such fares.

Your Committee finds that to a large extent, travel between the islands is confined to the use of airplanes. As such, any legislative intent which encourages children to experience and learn from the different and unique qualities of the islands is dependent on the cost of airfare.

This Concurrent Resolution addresses the issue of full-fare airfare rates for children, by requesting both local airlines to offer half-fare rates (or airfares which are one-half the price of adult airfares) for children under twelve years of age for all inter-island flights.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 144, and recommends its adoption.

Signed by all members of the Committee except Senator Holt.

SCRep. 2737 Transportation on S.C.R. No. 136

The purpose of this Concurrent Resolution is to request the City and County of Honolulu to improve the flow of traffic along North King Street.

The improvement in the traffic flow would be accomplished by banning parking on North King Street between Middle Street and Dillingham Boulevard during peak traffic hours. If a parking ban does not adequately improve traffic flow, the City and County is requested to consider constructing bus bays and, as a last resort, creating contra flow lanes.

Your Committee received supporting testimony from the State Department of Transportation and the Executive Director of the Oahu Metropolitan Planning Organization (OMPO) and finds that the travel corridor funneling traffic from Ewa and Central Honolulu into Downtown Honolulu and back, especially that segment running from Middle Street to Downtown, experiences an extremely high volume of traffic. Your Committee further finds that North King Street should be operating as a major urban arterial servicing this traffic and that solutions to the congestion problem such as those provided by this Concurrent Resolution are in the public interest and should be vigorously pursued.

Your Committee has amended the title and concurrent resolution to clarify the portion on North King Street to which this concurrent resolution is addressed.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 136 as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 136, S.D. 1.

Signed by all members of the Committee except Senator Holt.

SCRep. 2738 Transportation on S.C.R. No. 145

The purpose of this concurrent resolution is to request the State Department of Transportation (DOT) to determine what improvements need to be made to Kalihi and Nihi Streets to meet applicable standards and the costs of such improvements, including the drainage system.

This concurrent resolution also requests the DOT to determine the State and the City and County of Honolulu's proportionate share of the costs to make these improvements, and to report to the Legislature on its findings and recommendations twenty days prior to the convening of the Regular Session of 1989.

The Chairperson of the Kalihi Valley Neighborhood Board testified that Kalihi and Nihi Streets in Honolulu are in desperate need of repair. The community, in an attempt to improve their neighborhood, applied for a Community Development Block Grant, but were not able to receive any funds because they did not meet the income requirement.

Your Committee also received testimony from Councilmember Donna Kim and the DOT. The DOT testified that Nihi Street and the portion of Kalihi Street referred to in this concurrent resolution are under the jurisdiction of the City and County of Honolulu, and therefore recommends that the Department of Public Works of the City and County of Honolulu conduct the study. Your Committee, upon consideration of the DOT'S testimony, has amended the title and concurrent resolution accordingly.

Your Committee on Transportation concurs with the intent and purpose of S.C.R. No. 145, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 145, S.D. 1.

Signed by all members of the Committee.

SCRep. 2739 Tourism and Recreation on S.R. No. 232

The purpose of this Resolution is to request the Legislative Auditor to conduct a financial and management audit of the State Tourism Office, Department of Business and Economic Development.

The audit would include but not be limited to compliance with the General Appropriations Act of 1987 and the provisions of Chapter 37, Hawaii Revised Statutes. In addition, the Auditor would be requested to conduct a post audit review and evaluation of the Department's efforts to implement the Auditor's recommendations as reflected in the 1987 Management Audit of the Hawaii Visitors Bureau.

Your Committee finds that tourism plays such a major role in the over-all economic and social well-being of Hawaii and its people, that it is in the public interest and the duty of the Legislature to ensure that appropriated funds are expended in a manner consistent with state and legislative policies and objectives. The audits requested pursuant to this Resolution would provide information required by the Legislature to ensure that the State Tourism Office and the Hawaii Visitors Bureau are responsive to the needs of the visitor industry and Hawaii's economy, and are making best use of Hawaii's taxpayers' dollars.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.R. No. 232 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 2740 Tourism and Recreation on S.C.R. No. 238

The purpose of this Concurrent Resolution is to request the Legislative Auditor to conduct a financial and management audit of the State Tourism Office, Department of Business and Economic Development.

The audit would include but not be limited to compliance with the General Appropriations Act of 1987 and the provisions of Chapter 37, Hawaii Revised Statutes. In addition, the Auditor would be requested to conduct a post audit review and evaluation of the Department's efforts to implement the Auditor's recommendations as reflected in the 1987 Management Audit of the Hawaii Visitors Bureau.

Your Committee finds that tourism plays such a major role in the over-all economic and social well-being of Hawaii and its people, that it is in the public interest and the duty of the Legislature to ensure that appropriated funds are expended

in a manner consistent with state and legislative policies and objectives. The audits requested pursuant to this Concurrent Resolution would provide information required by the Legislature to ensure that the State Tourism Office and the Hawaii Visitors Bureau are responsive to the needs of the visitor industry and Hawaii's economy, and are making best use of Hawaii's taxpayers' dollars.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.C.R. No. 238 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2741 (Joint) Housing, Hawaiian Programs and Natural Resources and Transportation on S.C.R. No. 195

The purpose of this Concurrent Resolution is to authorize the Department of Transportation to lease certain submerged and tidal lands for berthing facilities to the United States Coast Guard.

Section 171-53, Hawaii Revised Statutes, requires prior authorization of the Legislature by Concurrent Resolution, prior approval of the Governor, and prior approval of the Board of Land and Natural Resources before the Department of Transportation can lease submerged and tidal lands. The Department of Transportation desires to lease certain submerged and tidal lands at Nawiliwili Small Boat Harbor, Kauai, to the U.S. Coast Guard. This Concurrent Resolution grants the Legislatures authorization for such action.

Your Committees find that leasing the submerged and tidal lands at Nawiliwili to the U.S. Coast Guard is in the best interests of the State.

Your Committees on Housing, Hawaiian Programs and Natural Resources and Transportation concur with the intent and purpose of S.C.R. No. 195 and recommend its adoption.

Signed by all members of the Committees.

SCRep. 2742 Housing, Hawaiian Programs and Natural Resources on S.C.R. No. 19

The purpose of this resolution is to authorize the Board of Land and Natural Resources (BLNR) to allow the lease of certain submerged lands and lands beneath tidal waters for boat pier and shed purposes.

Section 171-53(c), Hawaii Revised Statutes (HRS), requires the BLNR to obtain the prior approval of the governor and the prior authorization of the Legislature by Concurrent Resolution before it can lease the submerged lands and lands beneath tidal waters which it deems suitable for reclamation. Although Act 367, Session Laws of Hawaii 1987 provided exemptions for the requirement if the submerged lands would be used for moorings, cables, or pipelines, the exemptions did not include the use for boat piers.

The submerged lands and lands beneath tidal waters referred to in this resolution are lands upon which a pier was built in 1940, and upon which a shed was built by permit in 1957. The present owner of the adjacent property acquired it in 1976 with the pier and shed intact. The encroachment was discovered when renovation of the residence required a shoreline certification.

This resolution will allow the BLNR to lease an easement to the owners of the adjacent land.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.C.R. No. 19, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2743 (Majority) Housing, Hawaiian Programs and Natural Resources on S.R. No. 49

The purpose of this resolution is to request the Housing Finance Development Corporation (HFDC) to examine the feasibility of selling State lands at no cost or at a nominal cost to a developer for the development of rental housing.

The shortage of affordable housing continues to affect a substantial portion of the State's population, particularly those who cannot afford to purchase a home. In addition, renters continue to be faced with a tight rental market, as evidenced by the 4.3 percent statewide average housing vacancy rate from 1980 to 1985.

An alternate strategy to the conventional methods of providing affordable housing was employed during the early 1950's by a developer who built houses on land owned by Kaneohe Ranch and sold those houses at cost to individuals, who then became lessees of the Kaneohe Ranch land on which the homes were built. The developer received a percentage of the rent collected by Kaneohe Ranch for the life of the leases.

Utilizing a variation of this concept on state lands whereby land is either given or sold at minimal cost to a developer who would build rental housing and receive profits from the rental of units at rates negotiated between the developer and the State may be a viable method of providing affordable rental housing.

Your Committee urges a study to be conducted to determine whether or not the establishment of a rental housing development program using this concept is feasible.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.R. No. 49, and recommends its adoption.

Signed by all members of the Committee.
Senators Solomon and Ikeda did not concur.

SCRep. 2744 (Majority) Housing, Hawaiian Programs and Natural Resources on S.C.R. No. 43

The purpose of this concurrent resolution is to request the Housing Finance Development Corporation (HFDC) to examine the feasibility of selling State lands at no cost or at a nominal cost to a developer for the development of rental housing.

The shortage of affordable housing continues to affect a substantial portion of the State's population, particularly those who cannot afford to purchase a home. In addition, renters continue to be faced with a tight rental market, as evidenced by the 4.3 percent statewide average housing vacancy rate from 1980 to 1985.

An alternate strategy to the conventional methods of providing affordable housing was employed during the early 1950's by a developer who built houses on land owned by Kaneohe Ranch and sold those houses at cost to individuals, who then became lessees of the Kaneohe Ranch land on which the homes were built. The developer received a percentage of the rent collected by Kaneohe Ranch for the life of the leases.

Utilizing a variation of this concept on state lands whereby land is either given or sold at minimal cost to a developer who would build rental housing and receive profits from the rental of units at rates negotiated between the developer and the State may be a viable method of providing affordable rental housing.

Your Committee urges a study to be conducted to determine whether or not the establishment of a rental housing development program using this concept is feasible.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.C.R. No. 43, and recommends its adoption.

Signed by all members of the Committee.
Senators Solomon and Ikeda did not concur.

SCRep. 2745 Housing, Hawaiian Programs and Natural Resources on S.R. No. 220

The purpose of this Resolution is to request the Department of Land and Natural Resources to expedite the lease or transfer of the remaining eighty acres of parklands at the Old Kona Airport Park to the County of Hawaii, by Executive Order, so that all of the sports and recreation areas needed by the community may be developed.

Your Committee received supporting testimony from the Chairperson of the Board of Land and Natural Resources and finds that the Governor's Task Force on State-County Relations has already identified this area of parklands for transfer to the County, and efforts are underway to effectuate the transfer.

Your Committee has amended this Resolution by replacing the word "lease" in the third "WHEREAS" clause with the term "set-aside" in order to clarify the exact nature of the transaction made pursuant to the 1970 Executive Order establishing the State Park. Your Committee has also amended the title of this Resolution by replacing the word "Board" with the word "Department," for the purpose of consistency.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.R. No. 220, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 220, S.D. 1.

Signed by all members of the Committee.

SCRep. 2746 Housing, Hawaiian Programs and Natural Resources on S.C.R. No. 227

The purpose of this Concurrent Resolution is to request the Department of Land and Natural Resources to expedite the lease or transfer of the remaining eighty acres of parklands at the Old Kona Airport Park to the County of Hawaii, by Executive Order, so that all of the sports and recreation areas needed by the community may be developed.

Your Committee received supporting testimony from the Chairperson of the Board of Land and Natural Resources and finds that the Governor's Task Force on State-County Relations has already identified this area of parklands for transfer to the County, and efforts are underway to effectuate the transfer.

Your Committee has amended this Concurrent Resolution by replacing the word "lease" in the third "WHEREAS" clause with the term "set-aside" in order to clarify the exact nature of the transaction made pursuant to the 1970 Executive Order establishing the State Park. Your Committee has also amended the title of this Concurrent Resolution by replacing the word "Board" with the word "Department," for the purpose of consistency.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.C.R. No. 227, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 227, S.D. 1.

Signed by all members of the Committee.

SCRep. 2747 (Majority) Government Operations on S.R. No. 58

The purpose of this resolution is to urge the Department of Transportation to study the feasibility of acquiring a state airplane capable of making mainland flights.

The study would include, but not be limited to the following topics:

- (1) The cost-effectiveness of obtaining a state airplane;
- (2) The advantages of purchasing a plane and hiring a crew versus contracting with an established airline to provide regular flight service for the State;
- (3) The possibility of obtaining federal funding;
- (4) The groups that should have access to a state plane and a procedure for determining priority among these groups;
- (5) The possibility that school children could use the plane;
- (6) Potential liability for injuries to passengers and ways to protect the State from such liabilities; and
- (7) Mainland destinations for which flights would be most cost-effective.

Your Committee heard testimony from the Department of Budget and Finance, and has adopted its recommendations by amending the resolution to request the Department of Budget and Finance to initiate the study, and by deleting references to the Department of Transportation. Your Committee has also amended the title of the resolution to read: "REQUESTING A STUDY ON THE FEASIBILITY OF ACQUIRING A STATE AIRPLANE."

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 58, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 58, S.D. 1.

Signed by all members of the Committee.
Senator Fernandes Salling did not concur.

SCRep. 2748 (Majority) Government Operations on S.C.R. No. 52

The purpose of this concurrent resolution is to urge the Department of Transportation to study the feasibility of acquiring a state airplane capable of making mainland flights.

The study would include, but not be limited to the following topics:

- (1) The cost-effectiveness of obtaining a state airplane;
- (2) The advantages of purchasing a plane and hiring a crew versus contracting with an established airline to provide regular flight service for the State;
- (3) The possibility of obtaining federal funding;
- (4) The groups that should have access to a state plane and a procedure for determining priority among these groups;
- (5) The possibility that school children could use the plane;
- (6) Potential liability for injuries to passengers and ways to protect the State from such liabilities; and
- (7) Mainland destinations for which flights would be most cost-effective.

Your Committee heard testimony from the Department of Budget and Finance, and has adopted its recommendations by amending the concurrent resolution to request the Department of Budget and Finance to initiate the study, and by deleting references to the Department of Transportation. Your Committee has also amended the title of the concurrent resolution to read: "REQUESTING A STUDY ON THE FEASIBILITY OF ACQUIRING A STATE AIRPLANE."

Your Committee on Government Operations 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.
Senator Fernandes Salling did not concur.

SCRep. 2749 Housing, Hawaiian Programs and Natural Resources on S.R. No. 47

The purpose of this resolution is to request the Department of Hawaiian Home Lands (DHHL) to conduct a study to determine the feasibility of developing and providing rental housing.

Traditionally, the DHHL has provided single family residential lots by way of homestead leases. The demand for these residential homestead leases is high in comparison to other permitted leasehold uses. As of May 1983, approximately 7,900 eligible native Hawaiians were on the waiting list for homestead awards, some who had been waiting for over thirty years.

Your Committee agrees with the testimony provided by the DHHL, stating that an alternate method needs to be explored to address the spectrum of housing needs of native Hawaiians, and that the development of rental housing programs would provide additional methods by which entitlements could be distributed to native Hawaiians. Some

beneficiaries do not possess the financial capability to assume payments on loans for home construction on their homestead lots. Others, particularly the elderly, may not desire the responsibility of home ownership and maintenance.

Through the development of the rental units, the DHHL would be able to place more native Hawaiians on its land base at a reduced cost, with better utilization of the limited lands available for development, and access to other forms of financing.

The proposed study would further DHHL's implementation of the Hawaiian Homes Commission Act, as amended in Act 27, Session Laws of Hawaii, 1984, which provides the authorization to develop and construct multi-family units to house native Hawaiians.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.R. No. 47 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2750 Business Development and Pacific Relations on S.R. No. 22

The purpose of this resolution is to request the Pacific International Center for High Technology Research (PICHTR) to examine the Exclusive Economic Zone (EEZ) needs of the American Affiliated Islands in the Pacific.

Your Committee has offered Senate Concurrent Resolution No. 18 as the vehicle for this request. Therefore, your Committee has deleted the substance of this resolution, and inserted new material in its place.

The title of the resolution is amended to read: "SENATE RESOLUTION EXPRESSING SUPPORT FOR AND COMMENDING THE INITIATION OF A BUILDERS EXCHANGE PROGRAM BETWEEN HAWAII AND THE PEOPLE'S REPUBLIC OF CHINA."

The purpose of the resolution, as amended, is to express support for an exchange program that will foster goodwill and promote cultural, social, technical, and educational interchange between the United States and the People's Republic of China.

The exchange program is in response to an invitation by China's architectural, engineering, and construction leaders to their counterparts from Hawaii to assist in providing an update on design and construction techniques that may be applicable in China's ongoing building program.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.R. No. 22, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 22, S.D. 1.

Signed by all members of the Committee.

SCRep. 2751 Business Development and Pacific Relations on S.C.R. No. 133

The purpose of this concurrent resolution is to request that the Legislative Reference Bureau study the impact of increasing foreign investment in Hawaii, particularly with regard to residential property; to review the laws in other states placing limitations on foreign investment; and to recommend, if feasible, legislation in Hawaii.

The concurrent resolution addresses the public concern over the recent increase in foreign investment which arguably has had an adverse impact on residential property taxes, and may have a potentially deleterious effect on the State as residents may be excluded from certain foreign-owned facilities or employment in managerial positions.

Your Committee believes that a broader scope of the study would be more effective in determining the impact of foreign investment on the State. Thus, your Committee has amended the concurrent resolution by urging the study of the pattern of foreign investments in the United States in order to determine the scope and characteristic of foreign investment in the western region of the United States and its significance to local economies.

The concurrent resolution, as amended, notes that foreign investment has been a significant factor in domestic economic development by making important contributions to employment, income and revenues, additional goods and services, and technology and competition. However, along with the many benefits, there are also a number of problems which have been associated to large amounts of foreign investment such as problems associated with absentee owners, skyrocketing land and rent costs, loss of control of domestic economic destiny, and dependence on foreign investors.

Your Committee finds that the Western Legislative Conference (WLC) of the Council of State Governments (CSG) is the appropriate organization to conduct the study in its broader scope, and has amended the concurrent resolution accordingly.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.C.R. No. 133, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 133, S.D. 1.

Signed by all members of the Committee.

SCRep. 2752 Business Development and Pacific Relations on S.C.R. No. 191

The purpose of this concurrent resolution is to request that the Department of Business and Economic Development explore the issues, opportunities, and problems in hosting a state trade show in Canada.

Recently, the trade between Hawaii and Canada has increased tremendously. For example, in 1986, Hawaii exported \$7.5 million worth of commodities to Canada. Major exports included fresh fruits and berries; fresh vegetables; aircraft parts, watches, clocks, and jewelry; fruit and vegetable products; and electronic computers. In the same year, Hawaii imported \$30 million worth of commodities such as newsprint paper; barley; meat; shingles and shakes; fertilizer; aircraft parts; office machines and equipment; prefabricated buildings; and metal fabricated products. Moreover, trade in services such as hotel, business, health, and social services exceeded \$25.4 billion. Canadian tourists spent \$207 million in Hawaii.

Even more opportunities will arise in the future through the ratification of the United States - Canada Free Trade Agreement (FTA). Your Committee finds that after the FTA is ratified, it would be a most opportune time to host a state trade show since the FTA will reduce trade barriers by phasing out Canadian tariffs, eliminating various nontariff barriers, and generally improving access to the Canadian market. Your Committee further finds that a trade show in Canada if feasible, would promote Hawaii as a tourist destination and encourage the State's already positive and growing relationship with Canada.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.C.R. No. 191 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2753 Business Development and Pacific Relations on S.C.R. No. 192

The purpose of this concurrent resolution is to urge the United States Congress to support the United States - Canada Free Trade Agreement (FTA), and to include the American affiliated Pacific states in the agreement.

The FTA is a trade liberalizing agreement which phases out Canadian tariffs, eliminates nontariff barriers, and generally improves access to the Canadian market, thereby encouraging further trade, cultural, and goodwill exchanges between the two nations.

Recently, there has been a tremendous increase in trade exchanges between Hawaii and Canada. For example, in 1986, Hawaii exported \$7.5 million worth of commodities to Canada. Major exports included fresh fruits and berries; fresh vegetables, aircraft parts, watches, clocks, and jewelry; fruit and vegetable products; and electronic computers. In the same year, Hawaii imported \$30 million worth of commodities such as newsprint paper; barley; meat; shingles and shakes; fertilizer; aircraft parts; office machines and equipment; prefabricated buildings; and metal fabricated products. Moreover, trade in services such as hotel, business, health, and social services exceeded \$25.4 billion. Canadian Tourists spent \$207 million in Hawaii that year.

Your Committee believes that the FTA will benefit the State by encouraging more trade between Hawaii and Canada, and create more employment opportunities for residents of the State. Therefore, your Committee finds that it would be in the best interest of the State to urge the United States Congress to support the FTA.

Your Committee has amended the concurrent resolution by adding the Federated States of Micronesia in the fourth "WHEREAS" clause, and adding a clause to clarify that the United States Congress is urged to include the American affiliated Pacific states in the FTA.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.C.R. No. 192, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 192, S.D. 1.

Signed by all members of the Committee.

SCRep. 2754 Business Development and Pacific Relations on S.C.R. No. 193

The purpose of this concurrent resolution is to request a study on the wave of foreign investment in Hawaii; its effect on Hawaii's economy, prosperity, culture, and well-being; and its general impact on Hawaii's future if foreign investments continue at the same rate.

The concurrent resolution addresses the concern of foreign investments causing an increase in prices of residential property and property taxes, as well as the concern of foreign investments leading to the exclusion of state residents as employees or consumers.

Your Committee has amended the concurrent resolution by:

- (1) Deleting the first, second, third, and fourth "WHEREAS" clauses, thereby deleting references to concerns of foreign investments causing an increase in prices of residential property and property taxes;
- (2) Requesting that the Legislative Reference Bureau conduct the study instead of the Legislative Auditor, making the same change in the title of the concurrent resolution and having certified copies of the concurrent resolution transmitted to the Director of the Legislative Reference Bureau; and
- (3) Making technical changes which have no substantive effect.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.C.R. No. 193, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 193, S.D. 1.

Signed by all members of the Committee.

SCRep. 2755 Business Development and Pacific Relations on S.C.R. No. 209

The purpose of this concurrent resolution is to request that a study be conducted to determine the economic and social impact of the influx of foreign investments on real property, condominiums, hotels, and golf courses.

Currently, foreign investments are not required to be reported. Thus, the Department of Business and Economic Development and the Department of Commerce and Consumer Affairs do not have any comprehensive data regarding foreign investments. However, it is known that foreign investors have concentrated primarily on real property, condominiums, hotels, and golf courses, rather than investments such as science and education, agriculture, retailing, wholesaling, and manufacturing, which have a broader economic impact on the overall welfare of the State.

In fact, according to the 1986 State Data Book, the estimated cumulated investments from 1959 to 1986 are as follows:

Agriculture	0.04%
Banks	1.43%
Condominiums	20.50%
Golf courses	3.40%
Hotels	28.50%
Manufacturing	0.74%
Other real estate	34.30%
Restaurants	0.63%
Retailing and Wholesaling	2.68%
Science and Education	2.08%
Miscellaneous	5.67%

Your Committee finds that it is necessary to measure the impact of foreign investments on Hawaii's homeowners and businesses, considering the dramatic increase in the amount of real property purchased by foreign investors.

Your Committee has amended the concurrent resolution by:

- (1) Changing the title to read: "SENATE CONCURRENT RESOLUTION REQUESTING A STUDY OF FOREIGN INVESTMENTS IN REAL PROPERTY AND ITS IMPACT ON THE STATE.";
- (2) Deleting the first, second, ninth, tenth, and eleventh "WHEREAS" clauses; and deleting the second and fourth "BE IT RESOLVED" clauses;
- (3) Requesting that the Hawaii Real Estate Research and Education Center, within the College of Business Administration at the University of Hawaii conduct the study, rather than the Department of Business and Economic Development;
- (4) Having certified copies of the concurrent resolution transmitted to the Director of the Hawaii Real Estate Research and Education Center; and
- (5) Making technical changes which have no substantive effect.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.C.R. No. 209, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 209, S.D. 1.

Signed by all members of the Committee.

SCRep. 2756 Business Development and Pacific Relations on S.C.R. No. 228

The purpose of this concurrent resolution is to request the Department of Business and Economic Development to conduct a study for planning and site selection for a farmers' market in Kona.

Until recently, local Kona farmers and artisans had a location to sell and display their produce and arts and crafts to visitors and residents. The popularity of the market generated enough interest to make it a full-time operation. However, the vendors have been forced to move from the land.

Your Committee finds that funding for planning and site selection for a farmer's market has already been incorporated into the capital improvement budget for West Hawaii to be expended by the Governor's Agriculture Coordinating Committee. However, there is no prospective site for the artisan vendors. Your Committee has therefore amended the concurrent resolution by:

- (1) Changing the title to read: "SENATE CONCURRENT RESOLUTION REQUESTING A STUDY TO PLAN FOR AND SELECT A SITE FOR AN ARTISAN'S MARKET FOR KONA.";
- (2) Deleting references to agriculture or the need for a farmer's market; and requesting that the study be conducted to plan for and select a site for an artisan's market, rather than a farmer's market for Kona; and
- (3) Requesting the County of Hawaii, rather than the Department of Business and Economic Development, to conduct the study.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.C.R. No. 228, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 228, S.D. 1.

Signed by all members of the Committee.

SCRep. 2757 (Joint) Military and Civil Defense and Higher Education on S.R. No. 16

The purpose of this resolution is to provide access to military materials which are designated as unclassified materials.

Aside from defense oriented topics, the military in Hawaii is concerned with other areas such as marine research, space technology, environmental protection, and housing. It is likely that the investigation and research into these areas conducted by the military could have resulted in unclassified technical reports containing data useful to civilians.

The information resources of the State of Hawaii would be greatly enhanced if these studies, reports, and other materials were made accessible to other researchers of this State because Hawaii is far removed from the larger research centers of the United States. As unclassified materials, access to these studies to civilians would not jeopardize any defense concerns of the military.

This resolution requests the School of Library Science of the University of Hawaii to confer with the appropriate military authorities and investigate the best methods for promoting classification of, access to, and use of the unclassified materials, reports, documents, and technical studies which are available at all military installations in Hawaii by persons doing research. The School of Library Science is also directed to submit a report on the likely costs, procedures, and agreements, which would be necessary to implement such access, to the Legislature twenty days before the convening of the Regular Session of 1989.

Your Committees find that the proper name of the institution is the School of Library and Information Studies, rather than the School of Library Science, and have amended the title and contents of the resolution accordingly.

Your Committees have further amended the resolution to clarify that the School of Library and Information Studies is requested to conduct a survey and make various determinations as part of the report to the Legislature.

Your Committees on Military and Civil Defense and Higher Education concur with the intent and purpose of S.R. No. 16, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 16, S.D. 1.

Signed by all members of the Committees.

SCRep. 2758 Transportation on S.C.R. No. 127

The purpose of this concurrent resolution is to request that the Department of Accounting and General Services (DAGS) consult with the Department of Transportation (DOT) on all decisions and activities relating to state public parking, to promote and consolidate Hawaii's statewide transportation policies and objectives.

Your Committee received supporting testimony from the DOT, indicating that it is not necessary for the DAGS to consult with the DOT on all decisions and activities relating to public parking, but only on decisions relating to institution of additional parking strategies.

Your Committee has amended the concurrent resolution by:

- (1) Requesting the DAGS to consult with the DOT on decisions relating to the construction of new parking structures and on parking rules, and amending the title to reflect the same;
- (2) Changing the fifth "WHEREAS" clause to make reference to state employee parking, rather than state public parking; and
- (3) Changing the sixth "WHEREAS" clause to read: "WHEREAS, the Department of Transportation should be consulted on the construction or expansion of state employee parking facilities and fee rate setting, for the purpose of promoting and achieving the overall objectives of Hawaii's statewide transportation policies;"

Your Committee on Transportation 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 Cobb, Menor, Yamasaki and Reed.

SCRep. 2759 Human Services on S.R. No. 31

The purpose of this resolution is to request a study on the feasibility of implementing a pharmaceutical assistance program for the elderly.

The group of persons 65 years and older is the fastest growing segment of our population today. Many of these elderly persons require increased medications concomitant to the normal aging process, but do not qualify for public medical assistance because their fixed incomes are too high. Nonetheless, the high monthly cost of prescription drugs financially drains these elderly persons.

Eight other states have instituted pharmaceutical assistance programs which provide financial assistance to qualified persons who need prescription drugs but cannot qualify for public assistance. This resolution requests a study on the

feasibility of implementing a pharmaceutical assistance program to assist elderly persons whose incomes are too high to receive public medical assistance, but cannot afford the increasing prohibitive costs of prescription drugs.

Your Committee received supporting testimony from the Executive Office on Aging and the Department of Health and finds that the high cost of medications is a financial burden on elderly persons which is often prohibitive. There is a "gap group" of elderly persons who are neither poor enough to qualify for public assistance nor wealthy enough to be able to afford the increasing cost of medications without sacrificing other necessities. It is important to investigate the feasibility of implementing a program of pharmaceutical financial assistance to ameliorate the financial burden on our elderly population.

Your Committee on Human Services concurs with the intent and purpose of S.R. No. 31 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 2760 Human Services on S.C.R. No. 25

The purpose of this concurrent resolution is to request a study on the feasibility of implementing a pharmaceutical assistance program for the elderly.

The group of persons 65 years and older is the fastest growing segment of our population today. Many of these elderly persons require increased medications concomitant to the normal aging process, but do not qualify for public medical assistance because their fixed incomes are too high. Nonetheless, the high monthly cost of prescription drugs financially drains these elderly persons.

Eight other states have instituted pharmaceutical assistance programs which provide financial assistance to qualified persons who need prescription drugs but cannot qualify for public assistance. This concurrent resolution requests a study on the feasibility of implementing a pharmaceutical assistance program to assist elderly persons whose incomes are too high to receive public medical assistance, but cannot afford the increasing prohibitive costs of prescription drugs.

Your Committee received supporting testimony from the Executive Office on Aging and the Department of Health and finds that the high cost of medications is a financial burden on elderly persons which is often prohibitive. There is a "gap group" of elderly persons who are neither poor enough to qualify for public assistance nor wealthy enough to be able to afford the increasing cost of medications without sacrificing other necessities. It is important to investigate the feasibility of implementing a program of pharmaceutical financial assistance to ameliorate the financial burden on our elderly population.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 25 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2761 Human Services on S.R. No. 166

The purpose of this resolution is to urge the adoption of the 1988 update to the Comprehensive Master Plan for the Elderly.

The Executive Office on Aging is the principal state agency responsible for the planning, evaluation, and coordination of programs, policies, and activities for the elderly. An important duty and responsibility of the Executive Office is the continuous updating of the Comprehensive Master Plan for Hawaii's Elderly. The 1988 update recognizes the diversity of our older adult population and addresses the economic, social, physical, and cognitive well-being of (1) the "vulnerable" most dependent segment of the older adult population, (2) the "transitional" relatively dependent to more dependent older adult population, and (3) the "self-sufficient" older adult population.

Your Committee received overwhelming testimony in support of the adoption of the plan and finds that the plan articulates a clear direction and mission which recognizes the dynamic nature of society and permits flexibility to meet the challenges of physical and mental health, social welfare, consumer awareness and protection, housing, and transportation development. The 1988 update of the Comprehensive Master Plan for the Elderly is the blueprint for Hawaii's policy and program decisions now and in the future.

Your Committee on Human Services concurs with the intent and purpose of S.R. No. 166 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2762 Human Services on S.C.R. No. 160

The purpose of this concurrent resolution is to urge the adoption of the 1988 update to the Comprehensive Master Plan for the Elderly.

The Executive Office on Aging is the principal state agency responsible for the planning, evaluation, and coordination of programs, policies, and activities for the elderly. An important duty and responsibility of the Executive Office is the continuous updating of the Comprehensive Master Plan for Hawaii's Elderly. The 1988 update recognizes the diversity of our older adult population and addresses the economic, social, physical, and cognitive well-being of (1) the "vulnerable"

most dependent segment of the older adult population, (2) the "transitional" relatively dependent to more dependent older adult population, and (3) the "self-sufficient" older adult population.

Your Committee received overwhelming testimony in support of the adoption of the plan and finds that the plan articulates a clear direction and mission which recognizes the dynamic nature of society and permits flexibility to meet the challenges of physical and mental health, social welfare, consumer awareness and protection, housing, and transportation development. The 1988 update of the Comprehensive Master Plan for the Elderly is the blueprint for Hawaii's policy and program decisions now and in the future.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 160 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2763 Human Services on S.R. No. 54

The purpose of this resolution is to determine the best means of meeting the mental health needs of the hearing impaired population.

There are approximately 60,000 people in Hawaii who are hearing impaired. Family problems, sexual abuse, and violent behavior are more prevalent among the hearing impaired than the rest of the population. Appropriate mental health services currently are provided on a very limited basis. This resolution requests that the Hawaii State Coordinating Council on Deafness determine the best means to adequately meet the mental health needs of the hearing impaired population.

Your Committee received supporting testimony from the Department of Health, the Commission on the Handicapped, the State Coordinating Council on Deafness, Hawaii Services on Deafness, and Communication for the Hearing Impaired and finds that there is a great need for study because of evidence of greater risk of depression within the hearing impaired population. There also are greater impediments for the hearing impaired population to receive equal access to mental health services due to the difficulty with communication between the hearing impaired and the mental health specialists. As such, it is crucial to assess the best means, especially funding, to assist the hearing impaired.

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. 2764 Human Services on S.C.R. No. 48

The purpose of this concurrent resolution is to determine the best means of meeting the mental health needs of the hearing impaired population.

There are approximately 60,000 people in Hawaii who are hearing impaired. Family problems, sexual abuse, and violent behavior are more prevalent among the hearing impaired than the rest of the population. Appropriate mental health services currently are provided on a very limited basis. This concurrent resolution requests that the Hawaii State Coordinating Council on Deafness determine the best means to adequately meet the mental health needs of the hearing impaired population.

Your Committee received supporting testimony from the Department of Health, the Commission on the Handicapped, the State Coordinating Council on Deafness, Hawaii Services on Deafness, and Communication for the Hearing Impaired and finds that there is a great need for study because of evidence of greater risk of depression within the hearing impaired population. There also are greater impediments for the hearing impaired population to receive equal access to mental health services due to the difficulty with communication between the hearing impaired and the mental health specialists. As such, it is crucial to assess the best means, especially funding, to assist the hearing impaired.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 48 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2765 Human Services on S.R. No. 169

The purpose of this resolution is to reaffirm the State's commitment to children and youth.

Act 303, Session Laws of Hawaii 1980, enacted a comprehensive statutory plan for juvenile justice which was subsequently amended by Act 156, Session Laws of Hawaii 1985. In 1983, the Legislature enacted the Child Protective Act, subsequently amended by Act 316, Session Laws of Hawaii 1986, which found that children and youth deserve and require competent, responsible parenting along with safe, secure, loving, and nurturing homes. This resolution reaffirms the State's commitment to our children and youth.

Your Committee received supporting testimony from the Department of Human Services, the Department of Health, and the Hawaii Youth Services Network and finds that children and youth are inherently our most valuable resource. The welfare, protection, healthy development, and positive role in society of our children and youth must be protected and enhanced.

Your Committee on Human Services concurs with the intent and purpose of S.R. No. 169 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2766 Human Services on S.C.R. No. 164

The purpose of this concurrent resolution is to reaffirm the State's commitment to children and youth.

Act 303, Session Laws of Hawaii 1980, enacted a comprehensive statutory plan for juvenile justice which was subsequently amended by Act 156, Session Laws of Hawaii 1985. In 1983, the Legislature enacted the Child Protective Act, subsequently amended by Act 316, Session Laws of Hawaii 1986, which found that children and youth deserve and require competent, responsible parenting along with safe, secure, loving, and nurturing homes. This resolution reaffirms the State's commitment to our children and youth.

Your Committee received supporting testimony from the Department of Human Services, the Department of Health, and the Hawaii Youth Services Network and finds that children and youth are inherently our most valuable resource. The welfare, protection, healthy development, and positive role in society of our children and youth must be protected and enhanced.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 164 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2767 Human Services on S.R. No. 170

The purpose of this Resolution is to urge the support for and the adoption of the national Young Americans Act of 1987.

Currently, there are two bills in the United States Congress, H.R. 1003 and S. 476, which embody the so-called Young Americans Act. These bills would (1) provide assistance in the development of new or improved programs to help young persons through grants to the states for community planning, services, and training; (2) establish an administrative agency on Children, Youth, and Families within the U.S. Department of Health and Human Services; and (3) provide for a White House Conference on Young Americans. This Resolution urges Congress to adopt the Young Americans Act of 1987.

Your Committee received supporting testimony from the Office of Children and Youth and the Hawaii Youth Services Network and finds that the children and youth of America are the nation's most valuable resource and it is the joint and several duty and responsibility of the federal government and the states to provide assistance to young people. Such assistance includes:

- (1) Helping to attain and maintain physical and mental well-being;
- (2) Promoting better health, education, employment, and shelter; and
- (3) Encouraging participation in civic, cultural, and recreational activities which promote self-esteem and a sense of community.

The Young Americans Act provides for financial grants of \$300,000 to states to plan and implement such assistance.

Your Committee on Human Services concurs with the intent and purpose of S.R. No. 170 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2768 Human Services on S.C.R. No. 165

The purpose of this Concurrent Resolution is to urge the support for and the adoption of the national Young Americans Act of 1987.

Currently, there are two bills in the United States Congress, H.R. 1003 and S. 476, which embody the so-called Young Americans Act. These bills would (1) provide assistance in the development of new or improved programs to help young persons through grants to the states for community planning, services, and training; (2) establish an administrative agency on Children, Youth, and Families within the U.S. Department of Health and Human Services; and (3) provide for a White House Conference on Young Americans. This Resolution urges Congress to adopt the Young Americans Act of 1987.

Your Committee received supporting testimony from the Office of Children and Youth and the Hawaii Youth Services Network and finds that the children and youth of America are the nation's most valuable resource and it is the joint and several duty and responsibility of the federal government and the states to provide assistance to young people. Such assistance includes:

- (1) Helping to attain and maintain physical and mental well-being;

- (2) Promoting better health, education, employment, and shelter; and
- (3) Encouraging participation in civic, cultural, and recreational activities which promote self-esteem and a sense of community.

The Young Americans Act provides for financial grants of \$300,000 to states to plan and implement such assistance.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 165 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2769 Government Operations on S.R. No. 63

The purpose of this resolution is to request the Legislative Reference Bureau (LRB) to conduct a study of the ability of immigrants in the State who speak limited or no English to access government services.

This resolution also requests the Office of Community Services to assist the LRB in its study by providing the necessary information needed to conduct the study. The LRB is also requested to consult various community organizations and immigrant service programs to ascertain the level of access to government services experienced by immigrants with a limited knowledge of English.

The 1980 Census showed that 4.9 percent of Hawaii residents could not speak the English language well or not at all. Some of these people have needs relating to housing, employment, education, public assistance, health, immigration matters, and other concerns, which necessitate their interaction with government agencies. For many of these people, their inability to speak English proficiently adversely affects their rightful access to benefits and services provided by the government.

Your Committee heard testimony in support of resolution from the Director of Health, the Director of Labor and Industrial Relations, the Catholic Charities of the Diocese of Honolulu, the Susannah Wesley Community Center, the Kalihi Palama Immigrant Service Center, the Inter Agency Council for Immigrant Services, the Central Samoan Methodist Church, the Kawaiahao Church and the Bilingual Access Line. Your Committee also heard testimony from the Director of the LRB, recommending that the study be accomplished by the Office of Community Services in accordance with Section 371K-4, Hawaii Revised Statutes.

Your Committee concurs with the recommendation of the Director of the LRB and has amended the resolution accordingly. Your Committee finds that individuals with limited or no fluency in written and spoken English have special needs and this resolution can initiate the process of appropriately meeting those needs.

Your Committee on Government Operations 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 except Senators Young and Cobb.

SCRep. 2770 Agriculture, Energy and Ocean Resources on H.C.R. No. 31

The purpose of this concurrent resolution is to request those airlines serving Hawaii to serve Hawaiian products to passengers flying to and from Hawaii.

The concurrent resolution requests the Governor's Agriculture Coordinating Committee to study means of obtaining the collaboration between the public and private sectors on Hawaiian routes in a manner that meets the intent of this resolution.

Favorable testimonies were received from the Departments of Agriculture, Business and Economic Development, and from the University of Hawaii's College of Tropical Agriculture and Human Resources.

Your Committee finds that having the airlines servicing Hawaii provide Hawaiian agricultural products and other Hawaii produced items, such as snacks, beverages and accompaniments with meals, can benefit the State's visitor and agricultural industries, as well as enhance the visitors' trip to Hawaii. By serving Hawaiian products such as macadamia nuts, taro chips and tropical punches, the airlines would be offering their passengers unique products, supporting the State which is a source of steady business for the airlines, and increasing the exposure of, and assisting in the marketing of Hawaiian products abroad.

Your Committee finds that the serving of Hawaiian products by the airlines should be increased and encouraged, and that a study to identify how best to achieve this end is in order.

Your Committee has amended this concurrent resolution to correct reference to the Department of Planning and Economic Development to the Department of Business and Economic Development in the last paragraph, and to make technical changes which have no substantive effect.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 31, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 31, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Young.

SCRep. 2771 Agriculture, Energy and Ocean Resources on S.C.R. No. 198

The purpose of this concurrent resolution is to request the counties of Hawaii, Maui, Kauai and the City and County of Honolulu to review its ordinances, codes, rules and regulations, and make changes to those they deem necessary to facilitate and make aquaculture activities co-equal to agriculture activities.

Favorable testimonies were received from the Chairperson of the Board of Land and Natural Resources and from Hawaiian Marine Enterprises--a local aquaculture farm.

The State of Hawaii has committed significant resources to aquaculture development as an economic alternative to create new jobs, broaden the tax base and fulfill State economic and environmental goals. It has been the intent of the State to make aquaculture co-equal with agriculture under its laws. Existing and would be aquafarmers have commented that many county ordinances, codes, rules and regulations governing such areas as zoning, building, taxation and water are treating aquaculture activities differently from agriculture activities. This differential treatment is acting as a strong disincentive to investment in, and expansion of aquaculture developments.

Your Committee finds that a state-wide review of county ordinances, codes, rules and regulations, and the revisions to them where necessary, to facilitate and to make aquaculture activities co-equal with agriculture activities is appropriate.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.C.R. No. 198 and recommends its adoption.

Signed by all members of the Committee except Senator Young.

SCRep. 2772 Agriculture, Energy and Ocean Resources on S.C.R. No. 199

The purpose of this Concurrent Resolution is to encourage and promote the use of native plants in landscaping and other projects by government agencies and private concerns.

Native Hawaiian plants which once flourished from ocean to mountain on every island are threatened with extinction. The use of native plants in landscaping would make them more visible to the general public, thus encouraging their use, and promoting an appreciation of such plants.

Favorable testimonies were received by the Department of Land and Natural Resources, the Department of Transportation, and the Department of Accounting and General Services, as well as from the College of Tropical Agriculture and Human Resources, and the Environmental Center of the University of Hawaii.

Your Committee has adopted the recommendations made by the College of Tropical Agriculture and Human Resources, and the Environmental Center of the University of Hawaii, and has amended the Concurrent Resolution by adding two "WHEREAS" clauses and an additional "BE IT FURTHER RESOLVED" clause which:

- (1) Cites the need for increased research-based knowledge of native plants;
- (2) Notes that research and trials on the potentials of native Hawaiian plants would be enhanced by coordination; and
- (3) Expresses that state policy is not to deplete or transplant present native plants from their natural environment to landscape settings, but rather to encourage the propagation of native plants in nurseries and botanical gardens.

The Concurrent Resolution was further amended to add the Dean of the College of Tropical Agriculture and Human Resources to those receiving a copy of the Concurrent Resolution, and to make technical changes which have no substantive effect.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.C.R. No. 199, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 199, S.D. 1.

Signed by all members of the Committee except Senator Young.

SCRep. 2773 Agriculture, Energy and Ocean Resources on S.R. No. 83

The purpose of this Resolution is to request the Department of Agriculture to conduct a review of its inspection procedures, identify its needs and to report its findings and recommendations for corrective action to the Legislature.

Your Committee finds that a continuous inflow of insect pests into the State of Hawaii has caused a severe problem affecting the production of diversified agricultural crops. This inflow of insect pests seems to indicate that the State Department of Agriculture does not have sufficient resources to carry out inspection procedures designed to prevent the introduction of insect pests into the State.

This Resolution will provide the Legislature with the necessary information to determine the best courses of action to address the problem regarding the introduction of insect pests into the State.

Favorable testimonies were received from the Department of Agriculture, the University of Hawaii College of Tropical Agriculture and Human Resources, the Hawaiian Sugar Planters' Association and the Hawaii Farm Bureau.

Your Committee adopted the recommendation of the University of Hawaii, College of Tropical Agriculture and Human Resources by amending the Resolution by changing the word "eliminate" to "minimize" in the title and providing twenty instead of thirty days before the convening of the 1989 legislative session to submit the report.

Your Committee has further amended the Resolution by making technical changes which have no substantive effect.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.R. No. 83, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 83, S.D. 1.

Signed by all members of the Committee except Senators Aki and Young.

SCRep. 2774 Agriculture, Energy and Ocean Resources on S.C.R. No. 73

The purpose of this Concurrent Resolution is to request the Department of Agriculture to conduct a review of its inspection procedures, identify its needs and to report its findings and recommendations for corrective action to the Legislature.

Your Committee finds that a continuous inflow of insect pests into the State of Hawaii has caused a severe problem affecting the production of diversified agricultural crops. This inflow of insect pests seems to indicate that the State Department of Agriculture does not have sufficient resources to carry out inspection procedures designed to prevent the introduction of insect pests into the State.

This Concurrent Resolution will provide the Legislature with the necessary information to determine the best courses of action to address the problem regarding the introduction of insect pests into the State.

Favorable testimonies were received from the Department of Agriculture, the University of Hawaii College of Tropical Agriculture and Human Resources, the Hawaiian Sugar Planters' Association and the Hawaii Farm Bureau.

Your Committee adopted the recommendation of the University of Hawaii, College of Tropical Agriculture and Human Resources by amending the Concurrent Resolution by changing the word "eliminate" to "minimize" in the title and providing twenty instead of thirty days before the convening of the 1989 legislative session to submit the report.

Your Committee has further amended the Concurrent Resolution by making technical changes which have no substantive effect.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.C.R. No. 73, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 73, S.D. 1.

Signed by all members of the Committee except Senator Young.

SCRep. 2775 Agriculture, Energy and Ocean Resources on S.R. No. 99

The purpose of this resolution is to request the Department of Business and Economic Development (DBED), in cooperation with the Department of Land and Natural Resources (DLNR), to develop plans of action to support the development and expansion of the ahi tuna fishing industry in Hawaii.

The plans of action will include: 1) development of a marketing system to assure better prices for Hawaiian ahi and eliminate the waste of surplus fish, and 2) development of an educational program to disseminate technical information and advice to ahi fishermen and encourage potential ahi fishermen.

The ahi tuna fishing industry is a vital part of the fishing industry and a valuable component of a diversified State economy. This resolution adds emphasis and direction to present and planned activities in supporting the development and expansion of the tuna fishing industry in Hawaii.

Your Committee received testimony from the DBED, the DLNR, and Malama Na I'a, a fisheries management advocacy group in support of this resolution. It was recommended by Malama Na I'a that the scope of the resolution be expanded to address the entire tuna fishing industry rather than only the ahi tuna industry.

Your Committee, upon consideration, has amended the resolution by deleting all references to "ahi" and inserting "tuna" where applicable. The first BE IT FURTHER RESOLVED clause was amended to read:

"(1) The development of an efficient and effective marketing system to assure adequate incomes for Hawaii fishers and eliminate the waste of surplus fish; and"

to emphasize that the desired end is adequate incomes rather than better prices.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.R. No. 99, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 99, S.D. 1.

Signed by all members of the Committee except Senator Young.

SCRep. 2776 Agriculture, Energy and Ocean Resources on S.C.R. No. 91

The purpose of this concurrent resolution is to request the Department of Business and Economic Development (DBED), in cooperation with the Department of Land and Natural Resources (DLNR), to develop plans of action to support the development and expansion of the ahi tuna fishing industry in Hawaii.

The plans of action will include: 1) development of a marketing system to assure better prices for Hawaiian ahi and eliminate the waste of surplus fish, and 2) development of an educational program to disseminate technical information and advice to ahi fishermen and encourage potential ahi fishermen.

The ahi tuna fishing industry is a vital part of the fishing industry and a valuable component of a diversified State economy. This concurrent resolution adds emphasis and direction to present and planned activities in supporting the development and expansion of the tuna fishing industry in Hawaii.

Your Committee received testimony from the DBED, the DLNR, and Malama Na I'a, a fisheries management advocacy group in support of this concurrent resolution. It was recommended by Malama Na I'a that the scope of the concurrent resolution be expanded to address the entire tuna fishing industry rather than only the ahi tuna industry.

Your Committee, upon consideration, has amended the concurrent resolution by deleting all references to "ahi" and inserting "tuna" where applicable. The first BE IT FURTHER RESOLVED clause was amended to read:

- "(1) The development of an efficient and effective marketing system to assure adequate incomes for Hawaii fishers and eliminate the waste of surplus fish; and"

to emphasize that the desired end is adequate incomes rather than better prices.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of S.C.R. No. 91, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 91, S.D. 1.

Signed by all members of the Committee except Senator Young.

SCRep. 2777 Human Services on S.R. No. 127

The purpose of this resolution is to urge the Governor to establish a working group of agencies to address the needs of at-risk children and youth.

Currently, there is an estimated twenty-five percent of the children and youth population identified as "at-risk", i.e. they are unable to legally or independently meet their basic life and economic needs. This resolution urges the establishment of a working group of agencies to address the needs of at-risk children and youth.

Your Committee received testimony from the Department of Human Services, the Department of Health, the Department of Labor, the Department of Education, and the Office of Children and Youth which supported the intent of the resolution but concluded that the establishment of another working group is not warranted. However, your Committee finds that the substance of the testimony supports the need for a coordinated and integrated human services delivery system. Each of the named agencies address some of the needs of at-risk children and youth some of the time, but the efforts are disjointed and do not effectively meet all the present needs and demands.

In an effort to better meet the needs and demands, your Committee has amended the resolution to urge that the respective agencies responsible for addressing the needs of the at-risk children and youth either form a working group or convene and recommend a coordinated and integrated human services delivery system to include:

- (1) Developing a common definition of "at-risk";
- (2) Identifying the at-risk population and the programs focusing on that population;
- (3) Creating a matrix identifying which children and youth receive what kind of services from which agencies;
- (4) Evaluating the effectiveness of current programs;
- (5) Describing program "safety nets" and specifying gaps in the system;
- (6) Establishing philosophical and conceptual bases; and
- (7) Developing recommendations for legislative action.

Your Committee further amended the resolution by substituting a reference to students with a reference to children and youth.

Your Committee on Human Services 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 Senator Herkes.

SCRep. 2778 Human Services on S.C.R. No. 120

The purpose of this concurrent resolution is to urge the Governor to establish a working group of agencies to address the needs of at-risk children and youth.

Currently, there is an estimated twenty-five percent of the children and youth population identified as "at-risk", i.e. they are unable to legally or independently meet their basic life and economic needs. This concurrent resolution urges the establishment of a working group of agencies to address the needs of at-risk children and youth.

Your Committee received testimony from the Department of Human Services, the Department of Health, the Department of Labor, the Department of Education, and the Office of Children and Youth which supported the intent of the concurrent resolution but concluded that the establishment of another working group is not warranted. However, your Committee finds that the substance of the testimony supports the need for a coordinated and integrated human services delivery system. Each of the named agencies address some of the needs of at-risk children and youth some of the time, but the efforts are disjointed and do not effectively meet all the present needs and demands.

In an effort to better meet the needs and demands, your Committee has amended the concurrent resolution to urge that the respective agencies responsible for addressing the needs of the at-risk children and youth either form a working group or convene and recommend a coordinated and integrated human services delivery system to include:

- (1) Developing a common definition of "at-risk";
- (2) Identifying the at-risk population and the programs focusing on that population;
- (3) Creating a matrix identifying which children and youth receive what kind of services from which agencies;
- (4) Evaluating the effectiveness of current programs;
- (5) Describing program "safety nets" and specifying gaps in the system;
- (6) Establishing philosophical and conceptual bases; and
- (7) Developing recommendations for legislative action.

Your Committee further amended the concurrent resolution by substituting a reference to students with a reference to children and youth.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 120, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 120, S.D. 1.

Signed by all members of the Committee except Senator Herkes.

SCRep. 2779 Higher Education on S.C.R. No. 167

The purpose of this concurrent resolution is to request a study on the feasibility of establishing a Space Academy and Space Education System in Hawaii.

Ever since astronaut Ellison Onizuka climbed into a spaceship and into the hearts of America, Hawaii has taken a special interest in space and the study of space. Although it has been quite some time since Onizuka's tragic death, the State's interest in space has grown steadily.

This concurrent resolution addresses this interest by providing a means to channel this interest constructively into objectives that will ultimately benefit our State and those who attend the Academy. The study requested by this concurrent resolution will provide the Legislature with the necessary information to render an informed and responsible decision concerning the Academy.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 167 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2780 Higher Education on S.C.R. No. 140

The purpose of this Concurrent Resolution is to request the Legislative Auditor to study the impact of the recent reorganization of the College of Arts and Sciences at the University of Hawaii, Manoa.

Reorganization was officially implemented on October 27, 1986 to enhance programmatic development in groups of allied disciplines and to make the College more responsive to undergraduate and graduate education. However, your Committee finds that while enrollment in the College has remained consistent over the past decade, funding allocations have decreased. Your Committee also finds that the University's Agendas for Action I and II call for augmentation of support for Arts and Sciences. Since there is an apparent disparity between the reorganization, the fiscal needs of the College, and the University's Agendas, this study is appropriate.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 140 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2781 Higher Education on S.R. No. 241

The purpose of this resolution is to request that the University of Hawaii submit a report on the progress of the implementation of the action alliance between the College of Tropical Agriculture and Human Resources (CTAHR), Manoa, and the College of Agriculture (CA), Hilo.

The resolution summarizes the role of the University in Hawaii's future in agriculture, sets forth the history of the development of the action alliance concept, and discusses the goals of the implementation of an action alliance.

The University of Hawaii has a key role in helping the State attain its agriculture potential by training students as required by agricultural industries and associated services; providing research, development, technology transfer, and extension education for the production, marketing and consumption activities; and maintaining quality faculty.

It has been recognized that the University can best accomplish these responsibilities through an action alliance between the agricultural programs on the Manoa and Hilo campuses. Thus, on May 27, 1987, Albert J. Simone, President of the University, charged an 11-member task force to study the feasibility of the action alliance concept. Based on the task force report and other missions, President Simone made a presentation to the Board of Regents (BOR), Committee on Academic Affairs on December 17, 1987, in support of the action alliance concept. The BOR then requested President Simone to prepare a plan for the implementation of specific items in the presentation.

The plan for implementation initiates an action alliance among the instruction programs of both the CTAHR and the CA, and the research and extension programs of the Hawaii Institute of Tropical Agriculture and Human Resources (HITAHR). It supports the creation of new positions, student exchange, faculty exchange, summer research salaries, and split faculty appointments to strengthen the instructional programs of the CA and research and extension programs of the HITAHR. The plan was formally approved by the BOR on March 18, 1988.

Your Committee finds that it is necessary to evaluate the progress of the action alliance plan to determine its effectiveness in coordinating the pooling of resources between institutions having complementary missions, which in turn would help to guide Hawaii's agricultural industry in the future.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 241 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2782 Higher Education on S.R. No. 180

The purpose of this resolution is to urge the University of Hawaii administration to work with the Board of Regents to establish the Center for the Study of Active Volcanoes (CSAV) at the University of Hawaii at Hilo.

The CSAV would provide appropriate course work and "hands-on" experience and operate in cooperation with the Hawaiian Volcano Observatory for students desiring advanced training in this field.

Your Committee received supporting testimony from the Hawaii Institute of Geophysics, University of Hawaii, and finds that there is a need for a formal program for the dissemination of information about the monitoring of active volcanoes. Your Committee believes that the establishment of the CSAV which focuses on the science and technology necessary for the study of active volcanoes will be well received by the local, national, and international communities concerned with amelioration of natural hazards.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 180 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2783 Higher Education on S.C.R. No. 248

The purpose of this concurrent resolution is to request that the University of Hawaii submit a report on the progress of the implementation of the action alliance between the College of Tropical Agriculture and Human Resources (CTAHR), Manoa, and the College of Agriculture (CA), Hilo.

The concurrent resolution summarizes the role of the University in Hawaii's future in agriculture, sets forth the history of the development of the action alliance concept, and discusses the goals of the implementation of an action alliance.

The University of Hawaii has a key role in helping the State attain its agriculture potential by training students as required by agricultural industries and associated services; providing research, development, technology transfer, and extension education for the production, marketing and consumption activities; and maintaining quality faculty.

It has been recognized that the University can best accomplish these responsibilities through an action alliance between the agricultural programs on the Manoa and Hilo campuses. Thus, on May 27, 1987, Albert J. Simone, President of the University, charged an 11-member task force to study the feasibility of the action alliance concept. Based on the task force report and other missions, President Simone made a presentation to the Board of Regents (BOR), Committee on Academic Affairs on December 17, 1987, in support of the action alliance concept. The BOR then requested President Simone to prepare a plan for the implementation of specific items in the presentation.

The plan for implementation initiates an action alliance among the instruction programs of both the CTAHR and the CA, and the research and extension programs of the Hawaii Institute of Tropical Agriculture and Human Resources

(HITAHR). It supports the creation of new positions, student exchange, faculty exchange, summer research salaries, and split faculty appointments to strengthen the instructional programs of the CA and research and extension programs of the HITAHR. The plan was formally approved by the BOR on March 18, 1988.

Your Committee finds that it is necessary to evaluate the progress of the action alliance plan to determine its effectiveness in coordinating the pooling of resources between institutions having complementary missions, which in turn would help to guide Hawaii's agricultural industry in the future.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 248 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2784 Higher Education on S.C.R. No. 175

The purpose of this concurrent resolution is to urge the University of Hawaii administration to work with the Board of Regents to establish the Center for the Study of Active Volcanoes (CSAV) at the University of Hawaii at Hilo.

The CSAV would provide appropriate course work and "hands-on" experience and operate in cooperation with the Hawaiian Volcano Observatory for students desiring advanced training in this field.

Your Committee received supporting testimony from the Hawaii Institute of Geophysics, University of Hawaii, and finds that there is a need for a formal program for the dissemination of information about the monitoring of active volcanoes. Your Committee believes that the establishment of the CSAV which focuses on the science and technology necessary for the study of active volcanoes will be well received by the local, national, and international communities concerned with amelioration of natural hazards.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 175 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2785 Higher Education on S.R. No. 190

The purpose of this resolution is to request the University of Hawaii to establish the Family Community Leadership (FCL) program as a permanent program within the College of Tropical Agriculture and Human Resources.

Hawaii is one of the six original western states which piloted the FCL program since in 1981. It is an educational program designed to increase the effective participation of family members in resolving important public issues affecting the quality of life in our state. The program also helps to strengthen communities by increasing the awareness and involvement of citizens in the community decision making process.

Funding for the program was originally provided by the W. K. Kellogg Foundation with in-kind contributions provided by the University of Hawaii Cooperative Extension Service and the Hawaii Extension Homemakers Council. However, with the cessation of the W. K. Kellogg Foundation's support in June 1987, the FCL program now needs financial assistance in order to continue.

Your Committee received supporting testimony from the College of Tropical Agriculture and Human Resources, and finds that the FCL program has brought national visibility to the State by its leadership in helping to organize the national FCL program structure, curriculum, and training materials. Your Committee finds further that the program can help citizens develop the confidence and skills to make an impact in their communities for the benefit of the State.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 190 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2786 Higher Education on S.C.R. No. 185

The purpose of this concurrent resolution is to request the University of Hawaii to establish the Family Community Leadership (FCL) program as a permanent program within the College of Tropical Agriculture and Human Resources.

Hawaii is one of the six original western states which piloted the FCL program since in 1981. It is an educational program designed to increase the effective participation of family members in resolving important public issues affecting the quality of life in our state. The program also helps to strengthen communities by increasing the awareness and involvement of citizens in the community decision making process.

Funding for the program was originally provided by the W. K. Kellogg Foundation with in-kind contributions provided by the University of Hawaii Cooperative Extension Service and the Hawaii Extension Homemakers Council. However, with the cessation of the W. K. Kellogg Foundation's support in June 1987, the FCL program now needs financial assistance in order to continue.

Your Committee received supporting testimony from the College of Tropical Agriculture and Human Resources, and finds that the FCL program has brought national visibility to the State by its leadership in helping to organize the national

FCL program structure, curriculum, and training materials. Your Committee finds further that the program can help citizens develop the confidence and skills to make an impact in their communities for the benefit of the State.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 185 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2787 Higher Education on S.R. No. 101

The purpose of this Resolution is to urge the University of Hawaii Board of Regents to establish a Hawaiian Studies Facility Complex at the University of Hawaii Hilo (UHH) campus.

Your Committee finds that the enrollment in Hawaiian language courses at UHH exceed those of all other languages taught on the campus. Furthermore, the enrollment in Hawaiian language at UHH is rapidly approaching the Manoa campus numbers in spite of the much smaller student population at UHH.

In 1987 the Legislature adopted S.C.R. No. 49, requesting the University of Hawaii (UH) to examine the feasibility of establishing a Hawaiian and Pacific Islands Studies Center at the UHH. The University, in response to the concurrent resolution, submitted a report stating that it is "both timely and necessary" for a Hawaiian and Pacific Islands Studies Center at the UHH, and that "a Center as proposed is essential to continue to develop Hawaiian Studies and to respond to the educational needs of the Hawaiian community."

Your Committee has amended the Resolution to provide additional information and statistics to clarify and support the intent of this resolution, and to request that the planning for the complex proceed in conjunction and coordination with the planning, design and construction of the Hawaiian Studies complex at Kanewai on the University of Hawaii Manoa campus which was allocated \$212,000 in the 1987 legislative session.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 101, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 101, S.D. 1.

Signed by all members of the Committee.

SCRep. 2788 Higher Education on S.C.R. No. 92

The purpose of this Concurrent Resolution is to urge the University of Hawaii Board of Regents to establish a Hawaiian Studies Facility Complex at the University of Hawaii Hilo (UHH) campus.

Your Committee finds that the enrollment in Hawaiian language courses at UHH exceed those of all other languages taught on the campus. Furthermore, the enrollment in Hawaiian language at UHH is rapidly approaching the Manoa campus numbers in spite of the much smaller student population at UHH.

In 1987 the Legislature adopted S.C.R. No. 49, requesting the University of Hawaii (UH) to examine the feasibility of establishing a Hawaiian and Pacific Islands Studies Center at the UHH. The University, in response to the concurrent resolution, submitted a report stating that it is "both timely and necessary" for a Hawaiian and Pacific Islands Studies Center at the UHH, and that "a Center as proposed is essential to continue to develop Hawaiian Studies and to respond to the educational needs of the Hawaiian community."

Your Committee has amended the Concurrent Resolution to provide additional information and statistics to clarify and support the intent of this resolution, and to request that the planning for the complex proceed in conjunction and coordination with the planning, design and construction of the Hawaiian Studies complex at Kanewai on the University of Hawaii Manoa campus which was allocated \$212,000 in the 1987 legislative session.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 92, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 92, S.D. 1.

Signed by all members of the Committee.

SCRep. 2789 Higher Education on S.C.R. No. 84

The purpose of this Concurrent Resolution is to encourage better coordination and cooperation among the University of Hawaii, the Research Corporation of the University of Hawaii, and state and local agencies and organizations involved in high technology and economic development work. In addition, the Concurrent Resolution requests that the Research Corporation be utilized as the property manager for all publicly supported incubator facilities and research and technology parks.

High technology is a major avenue by which the State proposes to broaden its economic base and ensure for itself a position of leadership in the affairs of the Pacific Basin in the decades ahead. Competition from the mainland for leadership in high-tech is keen, and in order to prevail Hawaii must keep its brightest and most promising young people to develop and work in high-tech industries, and public and private agencies and organizations must work together in a spirit of coordination and cooperation to achieve overall goals for the well-being of the people.

The Research Corporation of the University of Hawaii is a public instrumentality created by the Legislature to enhance the effectiveness of the State's efforts in research and development, primarily through the University of Hawaii. The Research Corporation is exempt from civil service and purchasing laws and procedures and is therefore able to function

expeditiously. Because of these and other advantages, and the experience of the Research Corporation in working with University and state departments, your Committee considers it appropriate that the Research Corporation act as property manager for publicly supported incubators and research and development parks.

Your Committee received supporting testimony from the University of Hawaii and the Executive Director of the Research Corporation of the University of Hawaii and finds that it is consistent with state and legislative policies and objectives to encourage cooperation and coordination in the high tech community. Your Committee further finds that although the Research Corporation may not currently possess experience and expertise in the role of property manager, there is ample talent available within the State that it can call upon to discharge this responsibility.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 84, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2790 Higher Education on S.R. No. 92

The purpose of this Resolution is to encourage better coordination and cooperation among the University of Hawaii, the Research Corporation of the University of Hawaii, and state and local agencies and organizations involved in high technology and economic development work. In addition, the Resolution requests that the Research Corporation be utilized as the property manager for all publicly supported incubator facilities and research and technology parks.

High technology is a major avenue by which the State proposes to broaden its economic base and ensure for itself a position of leadership in the affairs of the Pacific Basin in the decades ahead. Competition from the mainland for leadership in high-tech is keen, and in order to prevail Hawaii must keep its brightest and most promising young people to develop and work in high-tech industries, and public and private agencies and organizations must work together in a spirit of coordination and cooperation to achieve overall goals for the well-being of the people.

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Your Committee received supporting testimony from the University of Hawaii and the Executive Director of the Research Corporation of the University of Hawaii and finds that it is consistent with state and legislative policies and objectives to encourage cooperation and coordination in the high tech community. Your Committee further finds that although the Research Corporation may not currently possess experience and expertise in the role of property manager, there is ample talent available within the State that it can call upon to discharge this responsibility.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 92, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2791 Higher Education on S.R. No. 102

The purpose of this resolution is to urge the Board of Regents of the University of Hawaii to study the feasibility of restructuring the governance of Hawaii's post secondary education system.

Presently the University of Hawaii is governed by the Board of Regents, which has authority over all the programs and institutions that comprise the University of Hawaii system, including its several Community Colleges and associated programs. Executive management of the entire University of Hawaii system is under the direction of the President of the University of Hawaii.

This concept of a single, integrated system of post secondary education has many advantages to commend it, including:

- (1) Comprehensive planning and management of public post secondary education;
- (2) Coordinated development of programs and allocation of resources based on a statewide system of priorities;
- (3) Flexibility in responding to needs and avoidance of unnecessary duplication of programs and harmful competition for resources;
- (4) Conservation of management resources and exploitation of economies of scale; and
- (5) Healthy cross-pollination of ideas that is inherent in a heterogeneous institution.

On the other hand, the idea of separating dissimilar units, such as the Community College system from the University of Hawaii-Hilo, West Oahu College, and the University of Hawaii-Manoa, and governing them through separate boards has been suggested from time to time. Moreover, decentralization of post secondary education under separate boards is widely practiced in many other states.

Your Committee received testimony provided from the Chairperson of the Board of Regents, indicating that the present system has served them well, but it should be evaluated periodically to accommodate the ever-changing educational needs of the citizens.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 102 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2792 Higher Education on S.C.R. No. 93

The purpose of this concurrent resolution is to urge the Board of Regents of the University of Hawaii to study the feasibility of restructuring the governance of Hawaii's post secondary education system.

Presently the University of Hawaii is governed by the Board of Regents, which has authority over all the programs and institutions that comprise the University of Hawaii system, including its several Community Colleges and associated programs. Executive management of the entire University of Hawaii system is under the direction of the President of the University of Hawaii.

This concept of a single, integrated system of post secondary education has many advantages to commend it, including:

- (1) Comprehensive planning and management of public post secondary education;
- (2) Coordinated development of programs and allocation of resources based on a statewide system of priorities;
- (3) Flexibility in responding to needs and avoidance of unnecessary duplication of programs and harmful competition for resources;
- (4) Conservation of management resources and exploitation of economies of scale; and
- (5) Healthy cross-pollination of ideas that is inherent in a heterogeneous institution.

On the other hand, the idea of separating dissimilar units, such as the Community College system from the University of Hawaii-Hilo, West Oahu College, and the University of Hawaii-Manoa, and governing them through separate boards has been suggested from time to time. Moreover, decentralization of post secondary education under separate boards is widely practiced in many other states.

Your Committee received testimony provided from the Chairperson of the Board of Regents, indicating that the present system has served them well, but it should be evaluated periodically to accommodate the ever-changing educational needs of the citizens.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 93 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2793 Consumer Protection and Commerce on S.R. No. 163

The purpose of this Resolution is to request the Insurance Commissioner to study and report on medical tort liability and medical malpractice insurance of obstetricians and gynecologists in Hawaii.

The study would include the number of obstetricians and gynecologists in rural areas; how many have been sued and how many times; and the number of general practitioners providing service in place of obstetricians and gynecologists and their exposure to litigation. The study would further include insurance premium rates and rate-setting procedures and the criteria used to determine the rates of general practitioners if they perform obstetrical procedures.

Your Committee has consistently supported efforts to study and develop information which would shed light on the high and ever-increasing cost of liability insurance for Hawaii's practicing obstetricians, gynecologists, and other specialized physicians, especially those who practice in rural areas where such service is in jeopardy. This Resolution would result in pertinent information which could have bearing on future legislation or policy decisions relating to tort reform and medical malpractice insurance.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.R. No. 163 and recommends its adoption.

Signed by all members of the Committee except Senators Chang, B. Kobayashi, Matsuura and Nakasato.

SCRep. 2794 Consumer Protection and Commerce on S.C.R. No. 157

The purpose of this Concurrent Resolution is to request the Insurance Commissioner to study and report on medical tort liability and medical malpractice insurance of obstetricians and gynecologists in Hawaii.

The study would include the number of obstetricians and gynecologists in rural areas; how many have been sued and how many times; and the number of general practitioners providing service in place of obstetricians and gynecologists and

their exposure to litigation. The study would further include insurance premium rates and rate-setting procedures and the criteria used to determine the rates of general practitioners if they perform obstetrical procedures.

Your Committee has consistently supported efforts to study and develop information which would shed light on the high and ever-increasing cost of liability insurance for Hawaii's practicing obstetricians, gynecologists, and other specialized physicians, especially those who practice in rural areas where such service is in jeopardy. This Concurrent Resolution would result in pertinent information which could have bearing on future legislation or policy decisions relating to tort reform and medical malpractice insurance.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.C.R. No. 157 and recommends its adoption.

Signed by all members of the Committee except Senators Chang, B. Kobayashi, Matsuura and Nakasato.

SCRep. 2795 Consumer Protection and Commerce on S.C.R. No. 235

The purpose of this Concurrent Resolution was to request the Legislative Reference Bureau (Bureau) to draft a commercial landlord tenant code with special emphasis on addressing concerns relating to merchants who rent space on a short term basis.

Many such business persons, often new arrivals from Asia, operate on a month to month basis and are not afforded adequate protection of their interests under the law. This Concurrent Resolution primarily identifies those merchants operating in the International Market Place and Duke's Lane, but your Committee sees this problem as being larger in perspective and has thus made the following amendments:

- (1) Requested the Department of Commerce and Consumer Affairs (DCCA) to assist the Bureau in developing the code;
- (2) Requested the Bureau and DCCA to also study and report on the conduct of operating licenses, leases, and sales where other than a standard lease is drawn up;
- (3) Included oppressive business practices as a subject of the report;
- (4) Requested the Bureau and DCCA to survey other jurisdictions with similar land shortages and similar problems, and make recommendations for future legislation without delving into legal or criminal matters;
- (5) Requested the Bureau to submit a report of its findings and recommendations, along with a draft of the commercial landlord tenant code, to the Legislature no later than twenty days prior to the convening of the Regular Session of 1989; and
- (6) Provided for a certified copy of the Concurrent Resolution to be transmitted to the Director of Commerce and Consumer Affairs.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.C.R. No. 235, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 235, S.D. 1.

Signed by all members of the Committee except Senators Chang, B. Kobayashi, Matsuura and Nakasato.

SCRep. 2796 Consumer Protection and Commerce on S.R. No. 229

The purpose of this Resolution was to request the Legislative Reference Bureau (Bureau) to draft a commercial landlord tenant code with special emphasis on addressing concerns relating to merchants who rent space on a short term basis.

Many such business persons, often new arrivals from Asia, operate on a month to month basis and are not afforded adequate protection of their interests under the law. This Resolution primarily identifies those merchants operating in the International Market Place and Duke's Lane, but your Committee sees this problem as being larger in perspective and has thus made the following amendments:

- (1) Requested the Department of Commerce and Consumer Affairs (DCCA) to assist the Bureau in developing the code;
- (2) Requested the Bureau and DCCA to also study and report on the conduct of operating licenses, leases, and sales where other than a standard lease is drawn up;
- (3) Included oppressive business practices as a subject of the report;
- (4) Requested the Bureau and DCCA to survey other jurisdictions with similar land shortages and similar problems, and make recommendations for future legislation without delving into legal or criminal matters;
- (5) Requested the Bureau to submit a report of its findings and recommendations, along with a draft of the commercial landlord tenant code, to the Legislature no later than twenty days prior to the convening of the Regular Session of 1989; and
- (6) Provided for a certified copy of the Resolution to be transmitted to the Director of Commerce and Consumer Affairs.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.R. No. 229, as amended herein, and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee except Senators Chang, B. Kobayashi, Matsuura and Nakasato.

SCRep. 2797 Consumer Protection and Commerce on S.C.R. No. 100

The purpose of this Concurrent Resolution was to request the Real Estate Commission to study and report on various problems concerning governance of condominiums and to propose feasible means of dealing with such matters more effectively.

More than one hundred bills have been introduced at the Legislature in recent years relating to condominiums, strongly suggesting that there are a multitude of problems in Hawaii relating to horizontal property regimes and the manner in which they are governed. In 1987 the Real Estate Commission studied several issues relating to condominiums, but unfortunately the study got under way late and the contract was changed in mid year due to non-performance, thus the Commission lacked sufficient time to solicit public testimony. Also, the Report was not submitted until after the beginning of the 1988 Regular Session, and interested parties lacked sufficient time to review the findings, provide comments, and suggest legislation, yet this study has been repeatedly cited as a reason not to enact further condominium legislation this year.

However, your Committee also notes that the 1987 Real Estate Commission study was undertaken on a voluntary basis and was originally intended to evaluate uniform condominium and common interest laws to determine whether Hawaii should adopt such laws in part or in whole. The concerns expressed by this Concurrent Resolution represent only a small part of that subject, and should not be construed as criticisms of the Real Estate Commission's previous efforts.

Your Committee finds that there are several aspects of condominium management which bear close scrutiny in the public interest, and therefore endorses the intent of this Concurrent Resolution. However, your Committee considers it more appropriate for the study to be done by a disinterested party which can work closely and freely with the Real Estate Commission in gathering, analyzing, and reporting on the requested information. Therefore, your Committee has amended this Concurrent Resolution by requesting the Legislative Reference Bureau to conduct the study, in close cooperation with the Real Estate Commission, utilizing the full services of the Condominium Specialist who is anticipated to be employed by fiscal year 1988-1989 pursuant to S.B. No. 2501.

Your Committee has further amended this Concurrent Resolution by specifying that the study shall, at a minimum, seek to find answers to the following questions:

- (1) Are there reasonable controls on the use and treatment of condominium association funds?
- (2) Are current fiscal audits of association funds adequate?
- (3) Do owners receive adequate information regarding use of their maintenance fees?
- (4) Is the process for selection of association boards of directors fair and reasonable?
- (5) Are there adequate checks and restraints to prevent the abuse of power by board members, managing agents, or managers?

Your Committee has also amended this Concurrent Resolution by deleting the third "WHEREAS" clause, by making provision for input by interested parties, and by making nonsubstantive technical changes for the purposes of clarity and style.

Your Committee on Consumer Protection and Commerce 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. 1.

Signed by all members of the Committee except Senators B. Kobayashi, Matsuura and Nakasato.

SCRep. 2798 Consumer Protection and Commerce on S.R. No. 109

The purpose of this Resolution was to request the Real Estate Commission to study and report on various problems concerning governance of condominiums and to propose feasible means of dealing with such matters more effectively.

More than one hundred bills have been introduced at the Legislature in recent years relating to condominiums, strongly suggesting that there are a multitude of problems in Hawaii relating to horizontal property regimes and the manner in which they are governed. In 1987 the Real Estate Commission studied several issues relating to condominiums, but unfortunately the study got under way late and the contract was changed in mid year due to non-performance, thus the Commission lacked sufficient time to solicit public testimony. Also, the Report was not submitted until after the beginning of the 1988 Regular Session, and interested parties lacked sufficient time to review the findings, provide comments, and suggest legislation, yet this study has been repeatedly cited as a reason not to enact further condominium legislation this year.

However, your Committee also notes that the 1987 Real Estate Commission study was undertaken on a voluntary basis and was originally intended to evaluate uniform condominium and common interest laws to determine whether Hawaii should adopt such laws in part or in whole. The concerns expressed by this Resolution represent only a small part of that subject, and should not be construed as criticisms of the Real Estate Commission's previous efforts.

Your Committee finds that there are several aspects of condominium management which bear close scrutiny in the public interest, and therefore endorses the intent of this Resolution. However, your Committee considers it more appropriate for the study to be done by a disinterested party which can work closely and freely with the Real Estate Commission in gathering, analyzing, and reporting on the requested information. Therefore, your Committee has amended this Resolution by requesting the Legislative Reference Bureau to conduct the study, in close cooperation with the Real Estate Commission, utilizing the full services of the Condominium Specialist who is anticipated to be employed by fiscal year 1988-1989 pursuant to S.B. No. 2501.

Your Committee has further amended this Resolution by specifying that the study shall, at a minimum, seek to find answers to the following questions:

- (1) Are there reasonable controls on the use and treatment of condominium association funds?
- (2) Are current fiscal audits of association funds adequate?
- (3) Do owners receive adequate information regarding use of their maintenance fees?
- (4) Is the process for selection of association boards of directors fair and reasonable?
- (5) Are there adequate checks and restraints to prevent the abuse of power by board members, managing agents, or managers?

Your Committee has also amended this Resolution by deleting the third "WHEREAS" clause, by making provision for input by interested parties, and by making nonsubstantive technical changes for the purposes of clarity and style.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.R. No. 109, as amended herein, and recommends that it be referred to the Committee on Legislative Management, in the form attached hereto as S.R. No. 109, S.D. 1.

Signed by all members of the Committee except Senators B. Kobayashi, Matsuura and Nakasato.

SCRep. 2799 Planning and Environment on S.R. No. 214

The purpose of this Resolution is to urge the revision of the Hawaii State Plan to address the housing needs of low-income and special needs groups.

Currently, Hawaii lacks affordable housing for low-income residents and special needs groups such as single parent families, the elderly, and disabled individuals with limited incomes. The Hawaii State Plan is the overall statewide planning instrument to guide legislative and administrative actions for accomplishing the goals, objectives, and policies for the future development of the State, including affordable and suitable housing. This Resolution urges the revision of the State Plan to better address the housing needs of the low-income and special needs groups.

Your Committee finds that it is a prime emphasis of the State's housing programs to meet the needs of low-income, gap group, and elderly renters through assisting in the production of homes for sale or rent and by providing rental assistance, but that the State Plan does not currently address such needs in a comprehensive manner with specific time-limited objectives.

Your Committee on Planning and Environment concurs with the intent and purpose of S.R. No. 214 and recommends its adoption.

Signed by all members of the Committee except Senators Nakasato and Solomon.

SCRep. 2800 Planning and Environment on S.C.R. No. 221

The purpose of this Concurrent Resolution is to urge the revision of the Hawaii State Plan to address the housing needs of low-income and special needs groups.

Currently, Hawaii lacks affordable housing for low-income residents and special needs groups such as single parent families, the elderly, and disabled individuals with limited incomes. The Hawaii State Plan is the overall statewide planning instrument to guide legislative and administrative actions for accomplishing the goals, objectives, and policies for the future development of the State, including affordable and suitable housing. This Concurrent Resolution urges the revision of the State Plan to better address the housing needs of the low-income and special needs groups.

Your Committee finds that it is a prime emphasis of the State's housing programs to meet the needs of low-income, gap group, and elderly renters through assisting in the production of homes for sale or rent and by providing rental assistance, but that the State Plan does not currently address such needs in a comprehensive manner with specific time-limited objectives.

Your Committee on Planning and Environment concurs with the intent and purpose of S.C.R. No. 221 and recommends its adoption.

Signed by all members of the Committee except Senators Nakasato and Solomon.

SCRep. 2801 Planning and Environment on S.C.R. No. 178

The purpose of this concurrent resolution is to request the Office of State Planning to conduct a study examining impact fees and impact fee legislation including a review of practices in other states and communities.

With the growth of new land developments, there are increased demands upon existing government services, facilities, and programs. The use of impact fees is one means of mitigating the impacts of growth and the financial burden on State and local governments, especially with the decreasing availability of Federal and State funds.

Currently, in Hawaii, major development projects are paying for a substantial portion of facilities and infrastructure improvements through an ad hoc exaction system at various levels of the land use approvals process. Construction of freeway interchanges, additional highway lanes, sewer and water facilities, affordable housing requirements, day care centers, job training centers, and park and ride facilities are examples of the type of facilities being required in exchange for permission to develop.

Broad conditional requirements are imposed at the time of Land Use Commission approval and at the county development plan level. At the county zoning level, the requirements are fine-tuned and imposed as conditions to final zoning approval. Instruments such as the "unilateral agreement" are used to record the agreement of the zone change applicant that all of the conditions are to run with the land until they are fulfilled. The cost for these development-related expenses can drastically alter the economics and feasibility of projects due to the unpredictable method of assessing and applying infrastructure improvements onto new developments. These costs may ultimately be passed on to the housing consumer in the form of higher housing prices.

Your Committee finds that the present ad hoc exaction system is inadequate. A fair and carefully thought out impact fee system, where new development pays its fair share for the costs of growth should be implemented if feasible.

Your Committee has amended the concurrent resolution by requesting the Legislative Reference Bureau, rather than the office of State Planning to conduct the study.

Your Committee on Planning and Environment concurs with the intent and purpose of S.C.R. No. 178, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 178, S.D. 1.

Signed by all members of the Committee.

SCRep. 2802 Planning and Environment on S.R. No. 183

The purpose of this resolution is to request the Office of State Planning to conduct a study examining impact fees and impact fee legislation including a review of practices in other states and communities.

With the growth of new land developments, there are increased demands upon existing government services, facilities, and programs. The use of impact fees is one means of mitigating the impacts of growth and the financial burden on State and local governments, especially with the decreasing availability of Federal and State funds.

Currently, in Hawaii, major development projects are paying for a substantial portion of facilities and infrastructure improvements through an ad hoc exaction system at various levels of the land use approvals process. Construction of freeway interchanges, additional highway lanes, sewer and water facilities, affordable housing requirements, day care centers, job training centers, and park and ride facilities are examples of the type of facilities being required in exchange for permission to develop.

Broad conditional requirements are imposed at the time of Land Use Commission approval and at the county development plan level. At the county zoning level, the requirements are fine-tuned and imposed as conditions to final zoning approval. Instruments such as the "unilateral agreement" are used to record the agreement of the zone change applicant that all of the conditions are to run with the land until they are fulfilled. The cost for these development-related expenses can drastically alter the economics and feasibility of projects due to the unpredictable method of assessing and applying infrastructure improvements onto new developments. These costs may ultimately be passed on to the housing consumer in the form of higher housing prices.

Your Committee finds that the present ad hoc exaction system is inadequate. A fair and carefully thought out impact fee system, where new development pays its fair share for the costs of growth should be implemented if feasible.

Your Committee has amended the resolution by requesting the Legislative Reference Bureau, rather than the office of State Planning to conduct the study.

Your Committee on Planning and Environment concurs with the intent and purpose of S.R. No. 183, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as S.R. No. 183, S.D. 1.

Signed by all members of the Committee.

SCRep. 2803 Planning and Environment on S.C.R. No. 131

The purpose of this Concurrent Resolution is to request the Department of Health (DOH) to present to the Legislature a preliminary report on the status of the development of a Hazardous Waste Management Plan for the State.

Hawaii's hazardous wastes are presently being shipped to mainland facilities for disposal at a site approved by the U.S. Environmental Protection Agency (EPA). Since the cost for treatment and disposal of these wastes is high, it is

believed that some persons are disposing of hazardous wastes illegally to avoid this expense. The mainland facilities may be reluctant and eventually refuse to accept hazardous wastes generated by other states for disposal.

The DOH recognizes the need to develop a Comprehensive Hazardous Waste Management Plan for Hawaii and testified in favor of this Concurrent Resolution. DOH is currently in the process of working with the EPA to negotiate an agreement to finance and develop a long-range management plan and strategy for hazardous wastes in this State.

Your Committee amended this Concurrent Resolution to request a status report on the development of, rather than a preliminary report, on the Hazardous Waste management plan. Your Committee has further amended this Concurrent Resolution by modifying the items that should be contained in the report.

Your Committee on Planning and Environment concurs with the intent and purpose of S.C.R. No. 131, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 131, S.D. 1.

Signed by all members of the Committee except Senators Nakasato and Solomon.

SCRep. 2804 Government Operations on S.C.R. No. 111

The purpose of this concurrent resolution is to urge Congress to codify the "fairness doctrine" as part of our federal communications laws.

Since 1949, the "fairness doctrine" has existed as a federal regulation administered by the Federal Communications Commission. Enforcement is, to a degree, dependent on the commitment of appointees who reflect the philosophies of transitory administrations. The equitable and democratic principles embodied in the "fairness doctrine" warrant continuous and diligent enforcement, which can best be achieved by codification.

Your Committee heard testimony in support of this concurrent resolution from The Broadcast Taskforce of the Hawaii Council of Churches.

Your Committee on Government Operations concurs with the intent and purpose of S.C.R. No. 111 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2805 Planning and Environment on S.R. No. 139

The purpose of this Resolution is to request the Department of Health (DOH) to present to the Legislature a preliminary report on the status of the development of a Hazardous Waste Management Plan for the State.

Hawaii's hazardous wastes are presently being shipped to mainland facilities for disposal at a site approved by the U.S. Environmental Protection Agency (EPA). Since the cost for treatment and disposal of these wastes is high, it is believed that some persons are disposing of hazardous wastes illegally to avoid this expense. The mainland facilities may be reluctant and eventually refuse to accept hazardous wastes generated by other states for disposal.

The DOH recognizes the need to develop a Comprehensive Hazardous Waste Management Plan for Hawaii and testified in favor of this Resolution. DOH is currently in the process of working with the EPA to negotiate an agreement to finance and develop a long-range management plan and strategy for hazardous wastes in this State.

Your Committee amended this Resolution and its title to request a status report on the development of, rather than a preliminary report on the Hazardous Waste Management Plan. Your Committee has further amended this Resolution by modifying the items that should be contained in the report.

Your Committee on Planning and Environment concurs with the intent and purpose of S.R. No. 139, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 139, S.D. 1.

Signed by all members of the Committee except Senators Nakasato and Solomon.

SCRep. 2806 Judiciary on S.R. No. 7

The purpose of this resolution is to support the imposition of attorney's fees against attorneys who file frivolous motions in a civil action.

Your Committee finds that a possible contributing factor to the high costs of litigation is the filing of frivolous motions, including claims and defenses. Accordingly, attorney's fees should be imposed upon attorneys who file frivolous, motions, claims, and defenses under applicable statutes or court rules allowing for such sanctions.

Your Committee has amended this resolution for purposes of style and clarity.

Your Committee on Judiciary concurs with the intent and purpose of S.R. No. 7, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 7, S.D. 1.

Signed by all members of the Committee except Senators Cobb, Holt, McMurdo and Solomon.

SCRep. 2807 Judiciary on S.R. No. 117

The purpose of this concurrent resolution is to request a study of alternative sentencing for intrafamily child sex offenders. Your Committee held a hearing on this resolution and received favorable testimony from the Judiciary, the Department of the Attorney General and the Department of Human Services.

Your Committee agrees with the testimony presented that post-conviction alternatives to incarceration should be explored for intrafamily sex abusers in order to achieve the objectives of preventing revictimization of the child or children, rehabilitation of the offender as well as the offender's family, and punishment of the offender.

Your Committee has made technical amendments to the resolution to correct typographical errors.

Your Committee on Judiciary concurs with the intent and purpose of S.R. No. 117, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 117, S.D. 1.

Signed by all members of the Committee except Senators Cobb, Holt, McMurdo and Solomon.

SCRep. 2808 Judiciary on S.R. No. 6

The purpose of this resolution is to urge criminal justice agencies to take appropriate action to provide for the electronic exchange of criminal fingerprint identification information by member states of the Western Legislative conference.

Your Committee held a public hearing and received favorable testimony from the Department of the Attorney General.

Further, your Committee has amended this resolution by adding the following:

- 1) Requesting the Hawaii Criminal Justice Data Center to expedite the successful completion of Act 380, Session Laws of Hawaii 1987, relating to the Establishment of a Computerized Fingerprint Identification System;
- 2) The Hawaii Criminal Justice Data Center to plan for the eventual electronic exchange of criminal fingerprint identification information with member states of the Western Legislative Conference; and
- 3) The Legislative Auditor be requested to study the feasibility of interfacing the Hawaii Automated Fingerprint Information Systems (AFIS).

Your Committee on Judiciary concurs with the intent and purpose of S.R. 6, as amended herein, and recommends its adoption in the form attached hereto as S.R. 6, S.D. 1.

Signed by all members of the Committee except Senators Cobb, Holt, McMurdo and Solomon.

SCRep. 2809 Judiciary on S.R. No. 154

The purpose of this resolution is to request the Juvenile Justice Interagency Board with the assistance of the Hawaii Youth Service Network - Deinstitutionalization of Status Offenders Project, to conduct a comprehensive analysis of the youth gang problem in Hawaii, including the development of a survey of youth gang activity elsewhere and measures taken in other states and cities to deal with it, and legislation to alleviate the proposal as it exists in the State of Hawaii.

Your Committee received testimony in support of the resolution from the Juvenile Justice Interagency Board, the Honolulu Police Department, the Hawaii Youth Services Network, and Earl Matsuoka of the Advisory Group.

The resolution would identify and define the youth gang problem in Hawaii. The study will also provide a basis for planning and allocation of resources, and any preventive measures when needed.

Your Committee on Judiciary concurs with the intent and purpose of S.R. No. 154, and recommends its adoption.

Signed by all members of the Committee except Senators Cobb, Holt, McMurdo and Solomon.

SCRep. 2810 Tourism and Recreation on S.R. No. 177

The purpose of this Resolution is to strongly urge the Department of Transportation to develop a comprehensive revision to its Statewide Ocean Recreation Management Plan premised on the fact that the use and enjoyment of the ocean belong to all the people and no commercial enterprise should operate in any area at the expense of the people.

Some of Hawaii's more popular beaches experience conflicting recreational usage. The Department of Transportation, in response to this problem, developed a Statewide Ocean Recreation Management Plan which your Committee and the Committee on Transportation have found to be unacceptable. This Resolution requests a comprehensive revision to the Plan which would include (1) the saturation point for safe use of any particular area by thrill craft; (2) the impact of thrill craft on the environment and affected communities; and (3) alternatives for decreasing the number of commercial enterprises operating in any one area.

Your Committee finds that the provision of appropriate and safe ocean recreation opportunities is a matter of public policy and that the Department of Transportation should respond to the needs of ocean users and residents by adopting specific rules regarding conflicting uses.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.R. No. 177 and recommends its adoption.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2811 Tourism and Recreation on S.R. No. 181

The purpose of this Resolution is to request the Department of Transportation to conduct a study, in concert with the Hawaii County Parks Department, to select a site for a small boat launching ramp in the North Kohala District.

Your Committee finds that substantial residential and resort development is scheduled for North Kohala in the near future which will bring with it a demand for more boating facilities.

Your Committee received supporting testimony from the Department of Transportation to the effect that they are willing to work with the County of Hawaii and boaters in locating a feasible site and are currently planning to engage a consultant to locate sites for private marinas on the Big Island and Maui. They will include boat launching sites in the scope of that work.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.R. No. 181 and recommends its adoption.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2812 Tourism and Recreation on S.C.R. No. 173

The purpose of this Concurrent Resolution is to strongly urge the Department of Transportation to develop a comprehensive revision to its Statewide Ocean Recreation Management Plan premised on the fact that the use and enjoyment of the ocean belong to all the people and no commercial enterprise should operate in any area at the expense of the people.

Some of Hawaii's more popular beaches experience conflicting recreational usage. The Department of Transportation, in response to this problem, developed a Statewide Ocean Recreation Management Plan which your Committee and the Committee on Transportation have found to be unacceptable. This Concurrent Resolution requests a comprehensive revision to the Plan which would include (1) the saturation point for safe use of any particular area by thrill craft; (2) the impact of thrill craft on the environment and affected communities; and (3) alternatives for decreasing the number of commercial enterprises operating in any one area.

Your Committee finds that the provision of appropriate and safe ocean recreation opportunities is a matter of public policy and that the Department of Transportation should respond to the needs of ocean users and residents by adopting specific rules regarding conflicting uses.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.C.R. No. 173 and recommends its adoption.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2813 Tourism and Recreation on S.C.R. No. 176

The purpose of this Concurrent Resolution is to request the Department of Transportation to conduct a study, in concert with the Hawaii County Parks Department, to select a site for a small boat launching ramp in the North Kohala District.

Your Committee finds that substantial residential and resort development is scheduled for North Kohala in the near future which will bring with it a demand for more boating facilities.

Your Committee received supporting testimony from the Department of Transportation to the effect that they are willing to work with the County of Hawaii and boaters in locating a feasible site and are currently planning to engage a consultant to locate sites for private marinas on the Big Island and Maui. They will include boat launching sites in the scope of that work.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.C.R. No. 176 and recommends its adoption.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2814 Tourism and Recreation on S.R. No. 185

The purpose of this Resolution is to request the Department of Land and Natural Resources to study the feasibility of establishing a sheep harvest season for the Pu'uana'hulu, Puuwaawaa Game Management Area in Kona, Hawaii. The Department would meet with the Hawaii Bowhunters Association, hold appropriate public meetings or hearings, and report to the 1989 Legislature.

Your Committee received supporting testimony from the Chairperson of the Board of Land and Natural Resources and finds that feral sheep numbers in the Pu'uana'hulu area are below its carrying capacity and restricting bag limits, confining hunting to rams only, or limiting the season are viable alternatives for increasing the sheep population.

Your Committee has amended this Resolution by clarifying in the title and the "BE IT RESOLVED" clause that Puu'uana'hulu and Puu Waa Waa are separate public hunting areas, and by correcting the spelling of Puu Waa Waa.

Your Committee on Tourism and Recreation concurs 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 Committee except Senator Nakasato.

SCRep. 2815 Tourism and Recreation on S.C.R. No. 180

The purpose of this Concurrent Resolution is to request the Department of Land and Natural Resources to study the feasibility of establishing a sheep harvest season for the Pu'u'anahulu, Puuwaawaa Game Management Area in Kona, Hawaii. The Department would meet with the Hawaii Bowhunters Association, hold appropriate public meetings or hearings, and report to the 1989 Legislature.

Your Committee received supporting testimony from the Chairperson of the Board of Land and Natural Resources and finds that feral sheep numbers in the Pu'u'anahulu area are below its carrying capacity and restricting bag limits, confining hunting to rams only, or limiting the season are viable alternatives for increasing the sheep population.

Your Committee has amended this Concurrent Resolution by clarifying in the title and the "BE IT RESOLVED" clause that Puu'u'anahulu and Puu Waa Waa are separate public hunting areas, and by correcting the spelling of Puu Waa Waa.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.C.R. No. 180, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 180, S.D. 1.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2816 Health on S.C.R. No. 134

The purpose of this Concurrent Resolution is to urge Congress to resolve the issue of escalating health care costs by establishing a comprehensive national health insurance program which will make proper health care available to and affordable for all American citizens.

Most countries in the world have some form of national health care insurance, but the United States does not. Although Congress has been considering the issue for about fifty years, there are still thirty million Americans who lack health insurance and another ten million whose insurance is inadequate to protect against the costs of catastrophic illness.

Your Committee finds that the cost of health care, unlike other consumer products, does not follow the market place and increases even with competition. Thus, there is always a gap group who earns too much to qualify for welfare but not enough to afford basic health care. The Director of Health testified that the gap group constitutes five percent of Hawaii's population and twelve percent nationwide. Clearly, some form of national health insurance covering all persons is needed. Hawaii passed the Prepaid Health Care Act in 1975, and your Committee finds it proper to urge Congress to do at least the same.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 134 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2817 Health on S.R. No. 142

The purpose of this Resolution is to urge Congress to resolve the issue of escalating health care costs by establishing a comprehensive national health insurance program which will make proper health care available to and affordable for all American citizens.

Most countries in the world have some form of national health care insurance, but the United States does not. Although Congress has been considering the issue for about fifty years, there are still thirty million Americans who lack health insurance and another ten million whose insurance is inadequate to protect against the costs of catastrophic illness.

Your Committee finds that the cost of health care, unlike other consumer products, does not follow the market place and increases even with competition. Thus, there is always a gap group who earns too much to qualify for welfare but not enough to afford basic health care. The Director of Health testified that the gap group constitutes five percent of Hawaii's population and twelve percent nationwide. Clearly, some form of national health insurance covering all persons is needed. Hawaii passed the Prepaid Health Care Act in 1975, and your Committee finds it proper to urge Congress to do at least the same.

Your Committee on Health concurs with the intent and purpose of S.R. No. 142 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2818 Health on S.C.R. No. 117

The purpose of this Concurrent Resolution is to urge the Department of Health's Ad Hoc Committee on Genetically Engineered Organisms to include in its final report to the Legislature the current and future urgency or dangers to Hawaii from genetically modified organisms, including worker safety and environmental concerns.

The Concurrent Resolution further requests the Ad Hoc Committee to develop recommendations regarding which state agencies or departments should be involved in the review of proposed testing or commercialization of bioproducts,

including projected information gathering and personnel costs, and to develop proposed legislation including state regulations for genetically modified organisms.

Your Committee received supporting testimony from the Director of Health and finds that this Concurrent Resolution reaffirms the Department's interest, as expressed by the ongoing activities of the Committee on Genetically Modified Organisms, in ensuring that the State is capable of addressing the potential health and environmental impacts of genetic engineering activities in Hawaii.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 117 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2819 Health on S.R. No. 126

The purpose of this Resolution is to urge the Department of Health's Ad Hoc Committee on Genetically Engineered Organisms to include in its final report to the Legislature the current and future urgency or dangers to Hawaii from genetically modified organisms, including worker safety and environmental concerns.

The Resolution further requests the Ad Hoc Committee to develop recommendations regarding which state agencies or departments should be involved in the review of proposed testing or commercialization of bioproducts, including projected information gathering and personnel costs, and to develop proposed legislation including state regulations for genetically modified organisms.

Your Committee received supporting testimony from the Director of Health and finds that this Resolution reaffirms the Department's interest, as expressed by the ongoing activities of the Committee on Genetically Modified Organisms, in ensuring that the State is capable of addressing the potential health and environmental impacts of genetic engineering activities in Hawaii.

Your Committee on Health concurs with the intent and purpose of S.R. No. 126 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2820 Health on S.C.R. No. 163

The purpose of this Concurrent Resolution is to request the Legislative Reference Bureau to report on various aspects of the Integrated Residency Programs at the University of Hawaii's John A. Burns School of Medicine.

The report would include information regarding on-call and off-call hours of first and second year residents and interns in Hawaii's teaching hospitals, and other factors relating to the subject of sleep deprivation and its effect on patient care. The Bureau would consult with representatives of the School of Medicine Residency Programs, teaching hospitals, the Hawaii Medical Association, and the Board of Medical Examiners, and would interview randomly selected members of each residency program, whose responses would be kept in strict confidence.

Your Committee is concerned about the long hours put in by residents and interns and believes that the kinds of information requested pursuant to this Concurrent Resolution would be useful in determining the best interests of the residents and interns, patients, the University's programs, and the general public, especially in terms of the quality of acute medical care which can be provided by the University's resident and intern students. However, your Committee finds that the John A. Burns School of Medicine is better equipped to gather and present most of the information. Therefore, your Committee has amended this Concurrent Resolution by requesting the John A. Burns School of Medicine to do the study, with the assistance of the teaching hospitals and other medical resources.

Your Committee is also concerned that the study make maximum use of the opinions of the residents and interns themselves; however, this would have to be done in such a way as to insure strict confidentiality of all responses. Therefore, your Committee has further amended the Concurrent Resolution by requesting the Legislative Reference Bureau to administer an affective survey of all first and second year residents and interns in the Integrated Residency Programs regarding their perceptions of the effect of sleep deprivation on the quality of patient care and the quality of learning opportunities open to them. The University would furnish the Bureau a complete list of names and addresses and develop the survey. The Bureau would administer the survey, tabulate the results, and transmit them to the University for inclusion in the report to the 1989 Legislature. The Bureau would be responsible for maintaining strict confidentiality of all information, including the identities of those surveyed.

Your Committee believes that this format is workable and will provide valuable information to help the Legislature ensure that Hawaii's people receive the best acute hospital care possible.

Your Committee has further amended this Concurrent Resolution by making nonsubstantive technical changes for the purposes of clarity, style, and conformance with recommended drafting technique.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 163, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 163, S.D. 1.

Signed by all members of the Committee.

SCRep. 2821 Health on S.R. No. 168

The purpose of this Resolution is to request the Legislative Reference Bureau to report on various aspects of the Integrated Residency Programs at the University of Hawaii's John A. Burns School of Medicine.

The report would include information regarding on-call and off-call hours of first and second year residents and interns in Hawaii's teaching hospitals, and other factors relating to the subject of sleep deprivation and its effect on patient care. The Bureau would consult with representatives of the School of Medicine Residency Programs, teaching hospitals, the Hawaii Medical Association, and the Board of Medical Examiners, and would interview randomly selected members of each residency program, whose responses would be kept in strict confidence.

Your Committee is concerned about the long hours put in by residents and interns and believes that the kinds of information requested pursuant to this Resolution would be useful in determining the best interests of the residents and interns, patients, the University's programs, and the general public, especially in terms of the quality of acute medical care which can be provided by the University's resident and intern students. However, your Committee finds that the John A. Burns School of Medicine is better equipped to gather and present most of the information. Therefore, your Committee has amended this Resolution by requesting the John A. Burns School of Medicine to do the study, with the assistance of the teaching hospitals and other medical resources.

Your Committee is also concerned that the study make maximum use of the opinions of the residents and interns themselves; however, this would have to be done in such a way as to insure strict confidentiality of all responses. Therefore, your Committee has further amended the Resolution by requesting the Legislative Reference Bureau to administer an affective survey of all first and second year residents and interns in the Integrated Residency Programs regarding their perceptions of the effect of sleep deprivation on the quality of patient care and the quality of learning opportunities open to them. The University would furnish the Bureau a complete list of names and addresses and develop the survey. The Bureau would administer the survey, tabulate the results, and transmit them to the University for inclusion in the report to the 1989 Legislature. The Bureau would be responsible for maintaining strict confidentiality of all information, including the identities of those surveyed.

Your Committee believes that this format is workable and will provide valuable information to help the Legislature ensure that Hawaii's people receive the best acute hospital care possible.

Your Committee has further amended this Resolution by making nonsubstantive technical changes for the purposes of clarity, style, and conformance with recommended drafting technique.

Your Committee on Health concurs with the intent and purpose of S.R. No. 168, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 168, S.D. 1.

Signed by all members of the Committee.

SCRep. 2822 Health on S.C.R. No. 104

The purpose of this Concurrent Resolution is to express the will of the Legislature that no more studies of the County/State Hospital System be initiated and that the State should take immediate action to implement recommendations offered by the Legislative Auditor in 1988, Herman Smith Associates in 1986, and Haldi Associates in 1971.

The County/State Hospital System has been a subject of scrutiny and debate from time to time for nearly two decades and has been studied from numerous perspectives. This Concurrent Resolution clearly expresses that the time for more studies is past and it is now time to take action and start putting the best of the previous recommendations into place.

Your Committee received testimony from the Director of Health, the Director of Personnel Services, the Chief of Staff of Hilo Hospital, Richard O. Lundborg, M.D., and Viola Watson representing the Management Advisory Committee for the Hospitals on the Island of Hawaii, and finds that it is appropriate to call for a halt to the spending of more tax dollars to study a situation which has already been so thoroughly analyzed. However, your Committee also finds that many of the recommendations have already been implemented and provision should be made for a report to the Legislature on steps already taken to improve the situation. Therefore, your Committee has amended this Concurrent Resolution by requesting the Department of Health to report to the 1989 Legislature on the Legislative Auditor, Herman Smith, and Haldi recommendations which have not been implemented or are considered inappropriate, including plans for the implementation of elements not already in place. Your Committee has also amended the title of this Concurrent Resolution to reflect this purpose.

The intent of your Committee is to not unduly burden the Department of Health with a report which may be long and unproductive given the age and relevance of the previous studies, but that the Department should address only key and essential items recommended by the previous studies and reports to give the Legislature an overview as to the status of the recommendations.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 104, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 104, S.D. 1.

Signed by all members of the Committee except Senator Matsuura.

SCRep. 2823 Health on S.R. No. 114

The purpose of this Resolution is to express the will of the Legislature that no more studies of the County/State Hospital System be initiated and that the State should take immediate action to implement recommendations offered by the Legislative Auditor in 1988, Herman Smith Associates in 1986, and Haldi Associates in 1971.

The County/State Hospital System has been a subject of scrutiny and debate from time to time for nearly two decades and has been studied from numerous perspectives. This Resolution clearly expresses that the time for more studies is past and it is now time to take action and start putting the best of the previous recommendations into place.

Your Committee received testimony from the Director of Health, the Director of Personnel Services, the Chief of Staff of Hilo Hospital, Richard O. Lundborg, M.D., and Viola Watson representing the Management Advisory Committee for the Hospitals on the Island of Hawaii, and finds that it is appropriate to call for a halt to the spending of more tax dollars to study a situation which has already been so thoroughly analyzed. However, your Committee also finds that many of the recommendations have already been implemented and provision should be made for a report to the Legislature on steps already taken to improve the situation. Therefore, your Committee has amended this Resolution by requesting the Department of Health to report to the 1989 Legislature on the Legislative Auditor, Herman Smith, and Haldi recommendations which have not been implemented or are considered inappropriate, including plans for the implementation of elements not already in place. Your Committee has also amended the title of this Resolution to reflect this purpose.

The intent of your Committee is to not unduly burden the Department of Health with a report which may be long and unproductive given the age and relevance of the previous studies, but that the Department should address only key and essential items recommended by the previous studies and reports to give the Legislature an overview as to the status of the recommendations.

Your Committee on Health concurs with the intent and purpose of S.R. No. 114, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 114, S.D. 1.

Signed by all members of the Committee except Senator Matsuura.

SCRep. 2824 Health on S.C.R. No. 113

The purpose of this Concurrent Resolution is to request the Department of Health to develop and actively support a legislative package for the 1989 Regular Session which advances and seeks to achieve the 1990 Health Objectives which were developed by the 1985 Governor's Conference on Health Promotion and Disease Prevention.

The Concurrent Resolution also requests that the legislative package include applicable Departmental administrative procedures that would advance the 1990 Objectives. In addition, the Department is requested to support any other legislation which would address the 1990 Objectives, and expand its health promotion efforts by increasing the amount of budgeted resources allocated to health promotion and disease prevention programs and services.

Your Committee received supporting testimony from the Director of Health, the Hawaii Nurses' Association, and the Hawaii Public Health Association, and finds that the attainment of Hawaii's 1990 Health Objectives has been a stated priority of the Department of Health ever since the initial Governor's Conference on Health Promotion and Disease Prevention in 1985. Approximately 300 volunteers have been serving on the Conference's fifteen task forces, and some noticeable advances in health promotion and disease prevention have been made by the Fourteenth Legislature. Your Committee further finds that the Department is planning to create a Disease Prevention Administration to further enhance the Department's efforts in preventing disease and promoting health throughout the State, thereby increasing services and allotments.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 113 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2825 Health on S.R. No. 123

The purpose of this Resolution is to request the Department of Health to develop and actively support a legislative package for the 1989 Regular Session which advances and seeks to achieve the 1990 Health Objectives which were developed by the 1985 Governor's Conference on Health Promotion and Disease Prevention.

The Resolution also requests that the legislative package include applicable Departmental administrative procedures that would advance the 1990 Objectives. In addition, the Department is requested to support any other legislation which would address the 1990 Objectives, and expand its health promotion efforts by increasing the amount of budgeted resources allocated to health promotion and disease prevention programs and services.

Your Committee received supporting testimony from the Director of Health, the Hawaii Nurses' Association, and the Hawaii Public Health Association, and finds that the attainment of Hawaii's 1990 Health Objectives has been a stated priority of the Department of Health ever since the initial Governor's Conference on Health Promotion and Disease Prevention in 1985. Approximately 300 volunteers have been serving on the Conference's fifteen task forces, and some noticeable advances in health promotion and disease prevention have been made by the Fourteenth Legislature. Your Committee further finds that the Department is planning to create a Disease Prevention Administration to further enhance the Department's efforts in preventing disease and promoting health throughout the State, thereby increasing services and allotments.

Your Committee on Health concurs with the intent and purpose of S.R. No. 123 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2826 (Joint) Health and Government Operations on S.C.R. No. 230

The purpose of this Concurrent Resolution is to request Congress to pass House Resolution 2470 in a form containing provisions which will prevent the impoverishment of a person whose spouse needs Medicaid to help pay for long term institutional care.

Your Committees find that under current Medicaid requirements, joint income and assets of both spouses, except equity in a home, are considered available to the spouse requiring institutional care and must be "spent down" until the eligibility level is reached, often resulting in the impoverishment of both spouses, including the one who does not need long term care. As currently written, House Resolution 2470, the Medicare Catastrophic Protection Act of 1987, would address this problem, and your Committees consider that support of its passage would be in the public interest.

Your Committees have amended this Concurrent Resolution by making technical changes which have no substantive effect.

Your Committees on Health and Government Operations concur with the intent and purpose of S.C.R. No. 230, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 230, S.D. 1.

Signed by all members of the Committees except Senator Fernandes Salling.

SCRep. 2827 (Joint) Health and Government Operations on S.R. No. 223

The purpose of this Resolution is to request Congress to pass House Resolution 2470 in a form containing provisions which will prevent the impoverishment of a person whose spouse needs Medicaid to help pay for long term institutional care.

Your Committees find that under current Medicaid requirements, joint income and assets of both spouses, except equity in a home, are considered available to the spouse requiring institutional care and must be "spent down" until the eligibility level is reached, often resulting in the impoverishment of both spouses, including the one who does not need long term care. As currently written, House Resolution 2470, the Medicare Catastrophic Protection Act of 1987, would address this problem, and your Committees consider that support of its passage would be in the public interest.

Your Committees have amended this Resolution by making technical changes which have no substantive effect.

Your Committees on Health and Government Operations concur with the intent and purpose of S.R. No. 223, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 223, S.D. 1.

Signed by all members of the Committees except Senator Fernandes Salling.

SCRep. 2828 Health on S.C.R. No. 95

The purpose of this Concurrent Resolution is to request the Director of Health to formulate and submit recommendations on how to curb the improper use of anabolic steroids in Hawaii.

The abuse of anabolic steroids, in efforts to enhance athletic performance, has been well documented in media and research, and information pertaining to use and abuse in Hawaii would contribute to legislative and state efforts to provide for the public health.

Your Committee has amended this Concurrent Resolution by clarifying that the Director is requested to determine whether, how, and to what extent steroids are being abused in the State and to develop legislation if needed. Your Committee has also requested the Office of Narcotic Enforcement, Department of the Attorney General, to help the Department of Health by providing information on the ways in which steroids are being dispensed with improper prescriptions and their availability on the black market.

The concern of your Committee regarding anabolic steroids is about the health implications of their use in Hawaii rather than criminal or ethical concerns. Therefore, your Committee considers the Department of Health the appropriate agency to carry out the study, with the assistance of the other agencies and individuals listed in this Concurrent Resolution.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 95, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 95, S.D. 1.

Signed by all members of the Committee.

SCRep. 2829 Health on S.C.R. No. 51

The purpose of this Concurrent Resolution is to direct the Department of Health, in conjunction with the business community, the Department of Education, the Department of Business and Economic Development, and the University of Hawaii, to devise a health master plan for the State which would emphasize the concepts of wellness and healthy lifestyles and create public awareness, interest, and support for a proposed International Health Exposition to be held in Hawaii in 1991.

Hawaii is genuinely interested in health matters and aspires to lead the nation in demonstration of healthy lifestyles and innovative health programs. The Governor of Hawaii has called for the public and private sectors to work collaboratively in promoting Hawaii as a "health state" and the Department of Health is actively engaged in implementing the 1990 Objectives of the 1985 Governor's Conference on Health Promotion and Disease Prevention. In addition, the Department of Health is completely revising the State Health Functional Plan to incorporate a strong health and wellness component

embodying high priority 1990 Health Objectives, thus providing a statewide strategy to assert leadership and provide directions for both private and public health activities in Hawaii.

Your Committee received testimony in support of this Concurrent Resolution from the Director of Health and the Dean of the University of Hawaii School of Public Health and finds that the impending 1991 health exposition will help to focus attention on Hawaii's healthy lifestyles and health promotion efforts. A health master plan to plan for and support such an exposition would be appropriate and is to a large extent already in place.

Your Committee has amended this Concurrent Resolution by changing the title to read "Senate Concurrent Resolution Concerning a Master Plan and an International Health Exposition," and by providing that the health master plan shall be "to develop public awareness, interest, and support for a private sector international health exposition...."

Your Committee has further amended the Concurrent Resolution by changing it from a directive to the Department of Health to a request, in accordance with recommended drafting style for Concurrent Resolutions.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 51, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 51, S.D. 1.

Signed by all members of the Committee.

SCRep. 2830 Health on S.R. No. 57

The purpose of this Resolution is to direct the Department of Health, in conjunction with the business community, the Department of Education, the Department of Business and Economic Development, and the University of Hawaii, to devise a health master plan for the State which would emphasize the concepts of wellness and healthy lifestyles and create public awareness, interest, and support for a proposed International Health Exposition to be held in Hawaii in 1991.

Hawaii is genuinely interested in health matters and aspires to lead the nation in demonstration of healthy lifestyles and innovative health programs. The Governor of Hawaii has called for the public and private sectors to work collaboratively in promoting Hawaii as a "health state" and the Department of Health is actively engaged in implementing the 1990 Objectives of the 1985 Governor's Conference on Health Promotion and Disease Prevention. In addition, the Department of Health is completely revising the State Health Functional Plan to incorporate a strong health and wellness component embodying high priority 1990 Health Objectives, thus providing a statewide strategy to assert leadership and provide directions for both private and public health activities in Hawaii.

Your Committee received testimony in support of this Resolution from the Director of Health and the Dean of the University of Hawaii School of Public Health and finds that the impending 1991 health exposition will help to focus attention on Hawaii's healthy lifestyles and health promotion efforts. A health master plan to plan for and support such an exposition would be appropriate and is to a large extent already in place.

Your Committee has amended this Resolution by changing the title to read "Senate Resolution Concerning a Master Plan and an International Health Exposition," and by providing that the health master plan shall be "to develop public awareness, interest, and support for a private sector international health exposition...."

Your Committee has further amended the Resolution by changing it from a directive to the Department of Health to a request, in accordance with recommended drafting style for Resolutions.

Your Committee on Health concurs with the intent and purpose of S.R. No. 57, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 57, S.D. 1.

Signed by all members of the Committee.

SCRep. 2831 Health on S.R. No. 103

The purpose of this Resolution is to request the Director of Health to formulate and submit recommendations on how to curb the improper use of anabolic steroids in Hawaii.

The abuse of anabolic steroids, in efforts to enhance athletic performance, has been well documented in media and research, and information pertaining to use and abuse in Hawaii would contribute to legislative and state efforts to provide for the public health.

Your Committee has amended this Resolution by clarifying that the Director is requested to determine whether, how, and to what extent steroids are being abused in the State and to develop legislation if needed. Your Committee has also requested the Office of Narcotic Enforcement, Department of the Attorney General, to help the Department of Health by providing information on the ways in which steroids are being dispensed with improper prescriptions and their availability on the black market.

The concern of your Committee regarding anabolic steroids is about the health implications of their use in Hawaii rather than criminal or ethical concerns. Therefore, your Committee considers the Department of Health the appropriate agency to carry out the study, with the assistance of the other agencies and individuals listed in this Resolution.

Your Committee on Health concurs with the intent and purpose of S.R. No. 103, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 103, S.D. 1.

Signed by all members of the Committee.

SCRep. 2832 Culture, Arts and Historic Preservation on S.R. No. 228

The purpose of this resolution is to urge the preservation of the Toyo Theater.

The Toyo Theater is a unique structure which was built in 1938, combining Japanese and Hawaiian architectural styles, and is considered by authorities on local architecture to be among the most architecturally significant buildings in the City and County of Honolulu. It is located in Chinatown, listed on the Hawaii Register of Historic Places, and eligible for the National Register of Historic Places.

The 50-year-old theater was closed in 1984 because of progressive deterioration over the years. Mililani Memorial Park and Mortuary, Inc. recently purchased the theater, with plans to raze the building and build a Gothic style mortuary structure on the site. The new owner has already obtained a demolition permit from the City and County of Honolulu and is currently awaiting approval by the State's Historic Sites Office of the Department of Land and Natural Resources.

Other big cities that are attempting to revitalize their downtown areas have begun to invest in refurbishing old theaters in an effort to create a vibrant cultural atmosphere while preserving historic sites. Your Committee believes it is in the public interest for the State of Hawaii to take steps to provide for the preservation of the Toyo Theater.

After extensive consideration and discussion of alternatives to razing the Toyo Theater, your Committee was unable to find a solution that was acceptable to the owner of Mililani Mortuary. According to Mr. Kuwasaki, extension of the deadline costs him approximately \$20,000 per month in mortgage interest.

Upon further consideration, your Committee does not find it feasible to condemn the property because of the length of time involved in the condemnation process.

Your Committee heard testimony by the Honolulu Theatre for Youth (HTY) to the effect that although it was interested in utilizing the Toyo Theater, it lacked the money to purchase the theater and complete the extensive remodeling that is necessary. However, HTY did indicate that it would be interested in being a cooperating partner and principal tenant. Therefore, your Committee has amended the title of the resolution to indicate the possible involvement of the HTY.

Your Committee has further amended this resolution by expanding on the first BE IT RESOLVED clause, by requesting that:

- (1) A special design district be established or extended for the block on which the Toyo Theater is located;
- (2) An advisory committee be set up; and
- (3) Interested parties investigate the possibility of a joint venture with the City and County of Honolulu and the State Housing Finance and Development Corporation to provide interim or permanent financing and zoning.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of S.R. No. 228, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 228, S.D. 1.

Signed by all members of the Committee except Senators Yamasaki and Reed.

SCRep. 2833 Culture, Arts and Historic Preservation on S.C.R. No. 234

The purpose of this concurrent resolution is to urge the preservation of the Toyo Theater.

The Toyo Theater is a unique structure which was built in 1938, combining Japanese and Hawaiian architectural styles, and is considered by authorities on local architecture to be among the most architecturally significant buildings in the City and County of Honolulu. It is located in Chinatown, listed on the Hawaii Register of Historic Places, and eligible for the National Register of Historic Places.

The 50-year-old theater was closed in 1984 because of progressive deterioration over the years. Mililani Memorial Park and Mortuary, Inc. recently purchased the theater, with plans to raze the building and build a Gothic style mortuary structure on the site. The new owner has already obtained a demolition permit from the City and County of Honolulu and is currently awaiting approval by the State's Historic Sites Office of the Department of Land and Natural Resources.

Other big cities that are attempting to revitalize their downtown areas have begun to invest in refurbishing old theaters in an effort to create a vibrant cultural atmosphere while preserving historic sites. Your Committee believes it is in the public interest for the State of Hawaii to take steps to provide for the preservation of the Toyo Theater.

After extensive consideration and discussion of alternatives to razing the Toyo Theater, your Committee was unable to find a solution that was acceptable to the owner of Mililani Mortuary. According to Mr. Kuwasaki, extension of the deadline costs him approximately \$20,000 per month in mortgage interest.

Upon further consideration, your Committee does not find it feasible to condemn the property because of the length of time involved in the condemnation process.

Your Committee heard testimony by the Honolulu Theatre for Youth (HTY) to the effect that although it was interested in utilizing the Toyo Theater, it lacked the money to purchase the theater and complete the extensive remodeling that is necessary. However, HTY did indicate that it would be interested in being a cooperating partner and principal tenant.

Therefore, your Committee has amended the title of the concurrent resolution to indicate the possible involvement of the HTY.

Your Committee has further amended this concurrent resolution by expanding on the first BE IT RESOLVED clause, by requesting that:

- (1) A special design district be established or extended for the block on which the Toyo Theater is located;
- (2) An advisory committee be set up; and
- (3) Interested parties investigate the possibility of a joint venture with the City and County of Honolulu and the State Housing Finance and Development Corporation to provide interim or permanent financing and zoning.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of S.C.R. No. 234, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 234, S.D. 1.

Signed by all members of the Committee except Senators Yamasaki and Reed.

SCRep. 2834 Corrections on S.R. No. 160

The purpose of this resolution is to request the Department of Corrections to allow low-security risk wards of the Hawaii Youth Correctional Facility (HYCF) to assist the Hawaii State Special Olympics.

The Hawaii State Special Olympics is a community-wide event in which hundreds of athletes participate. The Special Olympics utilizes numerous volunteers to assist in conducting the various athletic events. Low-security risk wards of the HYCF, under the direct and continuous supervision of HYCF personnel, who volunteer to assist would not only fulfill a need of the Special Olympics, but would also be improving their self-esteem and positive self-image. Furthermore, low-security risk wards do not pose a threat of danger to the Special Olympics athletes or the community-at-large. Therefore, this resolution strongly urges the Department of Corrections to allow such low-security risk wards to assist the Special Olympics.

Your Committee received supporting testimony from the Department of Corrections and finds that not only will the Special Olympics benefit by securing needed volunteers, but that the development of an off-grounds program and its potential benefits, both tangible and intangible, for HYCF wards is a worthwhile endeavor warranting serious consideration. The Department of Corrections is urged to work closely with the Special Olympics to address and alleviate any concerns which may arise.

Your Committee has amended the resolution to give the Department of Corrections the flexibility of examining the feasibility of, and if practicable, to develop a plan for low-security risk wards to volunteer to assist the Special Olympics. The Department may not be able to immediately develop a plan and it may be that the Special Olympics already has recruited its needed volunteers for this year. Furthermore, the Department needs to work closely with the Special Olympics to work out the details and address any concerns about community and public safety.

Your Committee does, however, want to strongly urge participation whether it be this year or in the future. After examining the feasibility of such participation, the Department is to submit its findings to the Legislature.

Your Committee on Corrections concurs with the intent and purpose of S.R. No. 160, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 160, S.D. 1.

Signed by all members of the Committee.

SCRep. 2835 Corrections on S.C.R. No. 154

The purpose of this concurrent resolution is to request the Department of Corrections to allow low-security risk wards of the Hawaii Youth Correctional Facility (HYCF) to assist the Hawaii State Special Olympics.

The Hawaii State Special Olympics is a community-wide event in which hundreds of athletes participate. The Special Olympics utilizes numerous volunteers to assist in conducting the various athletic events. Low-security risk wards of the HYCF, under the direct and continuous supervision of HYCF personnel, who volunteer to assist would not only fulfill a need of the Special Olympics, but would also be improving their self-esteem and positive self-image. Furthermore, low-security risk wards do not pose a threat of danger to the Special Olympics athletes or the community-at-large. Therefore, this concurrent resolution strongly urges the Department of Corrections to allow such low-security risk wards to assist the Special Olympics.

Your Committee received supporting testimony from the Department of Corrections and finds that not only will the Special Olympics benefit by securing needed volunteers, but that the development of an off-grounds program and its potential benefits, both tangible and intangible, for HYCF wards is a worthwhile endeavor warranting serious consideration. The Department of Corrections is urged to work closely with the Special Olympics to address and alleviate any concerns which may arise.

Your Committee has amended the concurrent resolution to give the Department of Corrections the flexibility of examining the feasibility of, and if practicable, to develop a plan for low-security risk wards to volunteer to assist the Special Olympics. The Department may not be able to immediately develop a plan and it may be that the Special Olympics already has recruited its needed volunteers for this year. Furthermore, the Department needs to work closely with the Special Olympics to work out the details and address any concerns about community and public safety.

Your Committee does, however, want to strongly urge participation whether it be this year or in the future. After examining the feasibility of such participation, the Department is to submit its findings to the Legislature.

Your Committee on Corrections concurs with the intent and purpose of S.C.R. No. 154, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 154, S.D. 1.

Signed by all members of the Committee.

SCRep. 2836 Education on S.R. No. 128

The purpose of this resolution is to urge the Department of Education to afford priority for the facilities support of Project Head Start.

Since 1965, Project Head Start has provided education, health, and social needs to economically disadvantaged and mildly handicapped pre-school children and their families. However, due to the 1987 legislative mandate for smaller class sizes, it will be difficult to provide for the current level of facilities support for the program which is expected to interrupt the progress and development of children in the program. This resolution urges that the Department of Education place priority with Project Head Start in affording facilities space.

Your Committee finds that Project Head Start has worked perseveringly and zealously to develop a viable program vital to the positive growth and development of children. The State is committed to making this program continue with its success by making facilities available to the program until permanent facilities can be secured.

Your Committee on Education concurs with the intent and purpose of S.R. No. 128 and recommends its adoption.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2837 Education on S.C.R. No. 118

The purpose of this concurrent resolution is to urge the Department of Education to afford priority for the facilities support of Project Head Start.

Since 1965, Project Head Start has provided education, health, and social needs to economically disadvantaged and mildly handicapped pre-school children and their families. However, due to the 1987 legislative mandate for smaller class sizes, it will be difficult to provide for the current level of facilities support for the program which is expected to interrupt the progress and development of children in the program. This concurrent resolution urges that the Department of Education place priority with Project Head Start in affording facilities space.

Your Committee finds that Project Head Start has worked perseveringly and zealously to develop a viable program vital to the positive growth and development of children. The State is committed to making this program continue with its success by making facilities available to the program until permanent facilities can be secured.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 118 and recommends its adoption.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2838 Education on S.R. No. 161

The purpose of this Resolution is to request the Department of Education to design and adopt a peace studies program aimed at promoting world peace and understanding as part of the required public school curriculum for grades kindergarten through 12.

The threat of global nuclear destruction clearly indicates that our future leaders must be oriented towards peace if the world is to survive. This Resolution proposes a positive approach towards protecting our youngsters from the potential devastation that previous generations have put into place.

Your Committee received supporting testimony from the American Friends Service Committee and the Institute for Peace at the University of Hawaii and finds that it is appropriate to institute a peace studies program in the Aloha State.

Your Committee on Education concurs with the intent and purpose of S.R. No. 161 and recommends its adoption.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2839 Education on S.C.R. No. 155

The purpose of this Concurrent Resolution is to request the Department of Education to design and adopt a peace studies program aimed at promoting world peace and understanding as part of the required public school curriculum for grades kindergarten through 12.

The threat of global nuclear destruction clearly indicates that our future leaders must be oriented towards peace if the world is to survive. This Concurrent Resolution proposes a positive approach towards protecting our youngsters from the potential devastation that previous generations have put into place.

Your Committee received supporting testimony from the American Friends Service Committee and the Institute for Peace at the University of Hawaii and finds that it is appropriate to institute a peace studies program in the Aloha State.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 155 and recommends its adoption.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2840 Education on S.R. No. 212

The purpose of this resolution is to request that the Department of Education study the problem created by the untimely transfers of public school educational officers and use the results of the study to formulate a policy to resolve the problem.

The resolution addresses the problem of the untimely transfer of educational officers in the public school system which results in the disruption of the educational process.

Currently, there may be a lack of policy regarding the transfer of educational officers in a timely manner, as there is for teachers. This places an unnecessary burden on the teachers who may feel that they are unable to fulfill their responsibilities while assisting the new educational officer in adjusting to a new position. Ultimately, the students are deprived of the best education possible.

Your Committee finds that the results of a study could be used to formulate a policy to alleviate the problem and encourage stability and improvement in the school system.

Your Committee on Education concurs with the intent and purpose of S.R. No. 212 and recommends its adoption.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2841 Education on S.C.R. No. 219

The purpose of this concurrent resolution is to request that the Department of Education study the problem created by the untimely transfers of public school educational officers and use the results of the study to formulate a policy to resolve the problem.

The concurrent resolution addresses the problem of the untimely transfer of educational officers in the public school system which results in the disruption of the educational process.

Currently, there may be a lack of policy regarding the transfer of educational officers in a timely manner, as there is for teachers. This places an unnecessary burden on the teachers who may feel that they are unable to fulfill their responsibilities while assisting the new educational officer in adjusting to a new position. Ultimately, the students are deprived of the best education possible.

Your Committee finds that the results of a study could be used to formulate a policy to alleviate the problem and encourage stability and improvement in the school system.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 219 and recommends its adoption.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2842 Education on S.R. No. 46

The purpose of this Resolution is to request a review of the effectiveness of Chapter 1 of the Education Consolidation and Improvement Act in Hawaii's public schools.

Chapter 1 of the Education Consolidation and Improvement Act of 1981, P.L. 97-35, is the largest federal program of assistance to elementary and secondary education in Hawaii. The program provides supplemental education and related services to educationally disadvantaged children from low-income families. An annual assessment of educational needs is required to be conducted within each school designated as a Chapter 1 school to determine the subject areas for which eligible children have the greatest need for services.

Your Committee finds that because of the importance of this program in addressing the special needs of educationally deprived children, it is critical to examine (1) the efficacy of the program's goals, (2) any actions the State can take to improve delivery of services, and (3) the advantages and disadvantages of allowing Chapter 1 teachers to receive tenure. This resolution requests that such a review be conducted to assess the effectiveness of this program.

Your Committee on Education concurs with the intent and purpose of S.R. No. 46, and recommends its adoption.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2843 Education on S.C.R. No. 40

The purpose of this Concurrent Resolution is to request a review of the effectiveness of Chapter 1 of the Education Consolidation and Improvement Act in Hawaii's public schools.

Chapter 1 of the Education Consolidation and Improvement Act of 1981, P.L. 97-35, is the largest federal program of assistance to elementary and secondary education in Hawaii. The program provides supplemental education and related

services to educationally disadvantaged children from low-income families. An annual assessment of educational needs is required to be conducted within each school designated as a Chapter 1 school to determine the subject areas for which eligible children have the greatest need for services.

Your Committee finds that because of the importance of this program in addressing the special needs of educationally deprived children, it is critical to examine (1) the efficacy of the program's goals, (2) any actions the State can take to improve delivery of services, and (3) the advantages and disadvantages of allowing Chapter 1 teachers to receive tenure. This concurrent resolution requests that such a review be conducted to assess the effectiveness of this program.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 40 and recommends its adoption.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2844 Education on S.C.R. No. 242

The purpose of this concurrent resolution is to express the Legislature's support of continued operation and development of Hawaiian Immersion/Medium classes by the Department of Education, and to commend Department personnel, families involved with the program, 'Aha Punana Leo, and University of Hawaii System for their ongoing efforts and commitment.

The Hawaiian Immersion/Medium classes were established at three elementary schools in 1987, the Year of the Hawaiian, to advance and preserve the Hawaiian language and enable youngsters to obtain education regarding Hawaiian language, history, and culture entirely in the mother tongue. The framework for this concept was established in the 1978 Constitutional Convention where Hawaiian was officially declared a state language, and Hawaii has every right to be proud of successfully carrying out America's first state government-initiated program in an indigenous language.

Your Committee, through this concurrent resolution, congratulates all those involved in this exciting and innovative program and encourages its continued development and expansion.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 242 and recommends its adoption.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2845 Education on S.R. No. 236

The purpose of this resolution is to express the Legislature's support of continued operation and development of Hawaiian Immersion/Medium classes by the Department of Education, and to commend Department personnel, families involved with the program, 'Aha Punana Leo, and University of Hawaii System for their ongoing efforts and commitment.

The Hawaiian Immersion/Medium classes were established at three elementary schools in 1987, the Year of the Hawaiian, to advance and preserve the Hawaiian language and enable youngsters to obtain education regarding Hawaiian language, history, and culture entirely in the mother tongue. The framework for this concept was established in the 1978 Constitutional Convention where Hawaiian was officially declared a state language, and Hawaii has every right to be proud of successfully carrying out America's first state government-initiated program in an indigenous language.

Your Committee, through this resolution, congratulates all those involved in this exciting and innovative program and encourages its continued development and expansion.

Your Committee on Education concurs with the intent and purpose of S.R. No. 236 and recommends its adoption.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2846 (Joint) Education and Government Operations on S.C.R. No. 208

The purpose of this concurrent resolution is to request the Department of Education to study the feasibility of having the police increase its visibility on public school campuses.

Loitering on some public school campuses during school and non-school hours by students and non-students is resulting in increased vandalism, gang-related activities, and alcohol and drug abuse. Highly visible police visits to the public schools deter such activities and encourage better student behavior. This concurrent resolution requests that the Department of Education study the feasibility of increased police visibility on the public school campuses.

Your Committees find that increased police visibility on public school campuses, during both school and non-school hours, will help reduce vandalism, gang-related activities, and alcohol and drug abuse. Such visibility should include (1) encouraging the police to use the school facilities for filling out their administrative reports, (2) having the police take their coffee, lunch, and bathroom breaks on the campuses, and (3) encouraging the police to eat their meals on campuses and have more casual discussions with students.

Your Committees on Education and Government Operations concur with the intent and purpose of S.C.R. No. 208 and recommend its adoption.

Signed by all members of the Committees except Senator Nakasato.

SCRep. 2847 (Joint) Education and Government Operations on S.R. No. 202

The purpose of this resolution is to request the Department of Education to study the feasibility of having the police increase its visibility on public school campuses.

Loitering on some public school campuses during school and non-school hours by students and non-students is resulting in increased vandalism, gang-related activities, and alcohol and drug abuse. Highly visible police visits to the public schools deter such activities and encourage better student behavior. This resolution requests that the Department of Education study the feasibility of increased police visibility on the public school campuses.

Your Committees find that increased police visibility on public school campuses, during both school and non-school hours, will help reduce vandalism, gang-related activities, and alcohol and drug abuse. Such visibility should include (1) encouraging the police to use the school facilities for filling out their administrative reports, (2) having the police take their coffee, lunch, and bathroom breaks on the campuses, and (3) encouraging the police to eat their meals on campuses and have more casual discussions with students.

Your Committees on Education and Government Operations concur with the intent and purpose of S.R. No. 202 and recommend its adoption.

Signed by all members of the Committees except Senator Nakasato.

SCRep. 2848 Education on S.R. No. 179

The purpose of this resolution is to request a study to determine the feasibility and desirability of establishing separate primary and secondary schools on the Hamakua Coast of Hawaii.

The Island of Hawaii had the largest public school enrollment increase between 1986 and 1987 of any district in the entire State of Hawaii public school system. This growth is occurring at a rate unprecedented in the records of this district. In order to plan for the orderly growth of the public schools while maintaining quality education, this resolution requests a study to determine the feasibility and desirability of establishing separate elementary and secondary schools on the Hamakua Coast.

Your Committee finds that prior planning to meet the future needs of our public schools is crucial to prevent mere reactive responses at a later date which often prove inadequate and ineffective. Foresight will ensure future educational quality and in the long run cost less.

Your Committee has amended the resolution to (1) emphasize the unprecedented growth on the western half of the Island of Hawaii, (2) include Kohala High and Elementary School in the feasibility study, and (3) clarify that dividing the schools sites into separate primary and secondary schools may resolve concerns regarding adequacy of the facilities and of educational quality.

Your Committee on Education 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 except Senator Nakasato.

SCRep. 2849 Education on S.C.R. No. 174

The purpose of this concurrent resolution is to request a study to determine the feasibility and desirability of establishing separate primary and secondary schools on the Hamakua Coast of Hawaii.

The Island of Hawaii had the largest public school enrollment increase between 1986 and 1987 of any district in the entire State of Hawaii public school system. This growth is occurring at a rate unprecedented in the records of this district. In order to plan for the orderly growth of the public schools while maintaining quality education, this concurrent resolution requests a study to determine the feasibility and desirability of establishing separate elementary and secondary schools on the Hamakua Coast.

Your Committee finds that prior planning to meet the future needs of our public schools is crucial to prevent mere reactive responses at a later date which often prove inadequate and ineffective. Foresight will ensure future educational quality and in the long run cost less.

Your Committee has amended the concurrent resolution to (1) emphasize the unprecedented growth on the western half of the Island of Hawaii, (2) include Kohala High and Elementary School in the feasibility study, and (3) clarify that dividing the schools sites into separate primary and secondary schools may resolve concerns regarding adequacy of the facilities and of educational quality.

Your Committee on Education 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 Senator Nakasato.

SCRep. 2850 Education on S.R. No. 206

The purpose of this resolution is to request the Department of Education to study the feasibility of making the sport of tug-of-war an inter-scholastic sport.

Organized amateur youth sports in our public schools such as football, basketball, soccer, baseball, swimming, volleyball, and track and field are important forms of recreational activities for youths to develop team work, strength, technique, and comradery. The sport of tug-of-war also provides this opportunity in an even more participatory manner because it does not require such a high level of skill to perform.

Your Committee finds that it is important to support activities that enhance personal development, physical fitness, and the recreation of all diverse and special groups. Therefore, the Department of Education is urged to study the feasibility of making tug-of-war an inter-scholastic sport so that more students can participate in such extracurricular sports activities.

Your Committee on Education concurs with the intent and purpose of S.R. No. 206 and recommends its adoption.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2851 Education on S.C.R. No. 212

The purpose of this concurrent resolution is to request the Department of Education to study the feasibility of making the sport of tug-of-war an inter-scholastic sport.

Organized amateur youth sports in our public schools such as football, basketball, soccer, baseball, swimming, volleyball, and track and field are important forms of recreational activities for youths to develop team work, strength, technique, and comradery. The sport of tug-of-war also provides this opportunity in an even more participatory manner because it does not require such a high level of skill to perform.

Your Committee finds that it is important to support activities that enhance personal development, physical fitness, and the recreation of all diverse and special groups. Therefore, the Department of Education is urged to study the feasibility of making tug-of-war an inter-scholastic sport so that more students can participate in such extracurricular sports activities.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 212 and recommends its adoption.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2852 Education on S.R. No. 97

The purpose of this resolution is to request the Department of Education (DOE) to formulate and implement a plan for a statewide center for sensory impaired students.

The prevalence of mainstreaming in special education has sometimes resulted in inadequate or inappropriate services and instruction for sensory impaired students. They require highly specialized education and their numbers are low. Moreover, sensory impaired children--especially the hearing impaired--need early identification and intervention in order for language development to occur.

While these needs have been recognized for some time, the DOE has not moved aggressively to implement a comprehensive, systematic program for the sensory impaired. Mainstreaming has masked the need for some centralization of functions where the sensory impaired are concerned. In the meantime, enrollment at the Hawaii School for Deaf and Blind has declined.

A number of groups and individuals testified in support of this resolution. The Superintendent of Education testified that the DOE will take action regardless of the adoption of this resolution. Your Committee believes, however, that an expression of legislative intent is advisable at this time in order to encourage more aggressive leadership by the DOE.

Your Committee has made several amendments to clarify its intention to include the visually impaired within the scope of this resolution and to reaffirm its desire for prompt action.

Your Committee on Education concurs with the intent and purpose of S.R. No. 97, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 97, S.D. 1.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2853 Education on S.C.R. No. 88

The purpose of this concurrent resolution is to request the Department of Education (DOE) to formulate and implement a plan for a statewide center for sensory impaired students.

The prevalence of mainstreaming in special education has sometimes resulted in inadequate or inappropriate services and instruction for sensory impaired students. They require highly specialized education and their numbers are low. Moreover, sensory impaired children--especially the hearing impaired--need early identification and intervention in order for language development to occur.

While these needs have been recognized for some time, the DOE has not moved aggressively to implement a comprehensive, systematic program for the sensory impaired. Mainstreaming has masked the need for some centralization of functions where the sensory impaired are concerned. In the meantime, enrollment at the Hawaii School for Deaf and Blind has declined.

A number of groups and individuals testified in support of this concurrent resolution. The Superintendent of Education testified that the DOE will take action regardless of the adoption of this concurrent resolution. Your Committee believes, however, that an expression of legislative intent is advisable at this time in order to encourage more aggressive leadership by the DOE.

Your Committee has made several amendments to clarify its intention to include the visually impaired within the scope of this concurrent resolution and to reaffirm its desire for prompt action.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 88, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 88, S.D. 1.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2854 Education on S.R. No. 193

The purpose of this Resolution is to request the Department of Education to study the feasibility of adding aerospace science courses, modeled after the Civil Air Patrol program, to the public school curriculum.

The Civil Air Patrol program is currently offered at some private schools in Hawaii and two courses are available in the public schools as after-school electives. Adding this program to the regular curriculum would expose more students to aerospace sciences and help them make informed decisions regarding their futures in this technology-oriented world.

Your Committee on Education concurs with the intent and purpose of S.R. No. 193 and recommends its adoption.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2855 Education on S.C.R. No. 188

The purpose of this Concurrent Resolution is to request the Department of Education to study the feasibility of adding aerospace science courses, modeled after the Civil Air Patrol program, to the public school curriculum.

The Civil Air Patrol program is currently offered at some private schools in Hawaii and two courses are available in the public schools as after-school electives. Adding this program to the regular curriculum would expose more students to aerospace sciences and help them make informed decisions regarding their futures in this technology-oriented world.

Your Committee on Education concurs with the intent and purpose of S.C.R. No. 188 and recommends its adoption.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2856 Consumer Protection and Commerce on S.C.R. No. 97

The purpose of this Concurrent Resolution was to request certain parties to meet during the 1988 Legislative Interim to jointly examine areas of disagreement and attempt to derive solutions to issues related to leasehold condominiums in Hawaii.

Specifically, the Housing Finance and Development Corporation, the HALE Coalition, the Bishop Estate, small landlords or lessors, and other interested parties would meet under the auspices of the American Arbitration Association and attempt to resolve differences relating to, among other things: (1) condominium leasehold conversion; (2) lease rent control; (3) surrender clause restrictions; (4) problems of low owner-occupancy leasehold condominiums; (5) percentage of owners required to purchase (in the case of leasehold conversion); and (6) what formula or other method should be used to calculate the amount of purchase of leasehold interest or reimbursement at the end of a lease term.

Thousands of Hawaii's residents live in leasehold condominiums, and during the past several years many issues have been raised regarding renegotiation of leases, conversion of leasehold interest to fee simple, and rights of lessees upon the termination of leases. The Legislature has been actively trying to serve the public interest by examining proposals such as those listed above, and has found that there are several issues which might be resolved if the opposing parties could meet under favorable circumstances, discuss their differences, and reach mutually beneficial solutions which the Legislature could help to implement. This Concurrent Resolution suggests a forum for such discussions.

Your Committee received supporting testimony from state agencies, lessors, and lessees, and finds that it would be in the best interests of all parties to meet and discuss their differences in a non-binding format which would produce information and possible solutions to these and other leasehold issues which must eventually be decided. The sooner that constructive discussions can commence, the better for all concerned.

However, your Committee believes that to be truly representative of leasehold interests, the discussions should include leasehold cooperative interests as well as condominiums, and has amended the Concurrent Resolution accordingly. Your Committee has also made the following substantive amendments:

- (1) Included losing interest, longer leases, and the formula or method of computation for both sides among the list of leasehold issues which the Legislature has been discussing and which are slated for discussion during the proposed interim meetings;
- (2) Changed item (2) in the second "WHEREAS" clause to read "Renegotiated lease rent stabilization;"

- (3) Provided that the parties to be represented at the discussions shall be the Bishop Estate, Castle Estate, and James Mee or another designated small lessor, on the part of the lessors, and the Hawaii Council of Associations of Apartment Owners (HACCO), the Hawaii Independent Condominium and Cooperative Owners (HICCO), and the HALE Coalition, on the part of the lessees;
- (4) Requested the Attorney General and the Housing Finance and Development Corporation to act in an advisory capacity;
- (5) Included the new Condominium Specialist who is to be employed pursuant to S.B. No. 2501 as an active participant in the discussions;
- (6) Provided that if the parties cannot afford the services of the American Arbitration Association, they may enlist the services of the Neighborhood Justice Center to conduct the proceedings; and
- (7) Clarified that the meetings and discussions shall be non-binding and shall not require the preparation of proposed legislation and dissenting reports but only a report of findings and recommendations.

It is the intent of your Committee that the relevance of any subject matter which may come up for discussion shall be left to the discretion of the participants.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.C.R. No. 97, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 97, S.D. 1.

Signed by all members of the Committee except Senators Fernandes Salling, Matsuura, Nakasato and Tungpalan.

SCRep. 2857 Consumer Protection and Commerce on S.R. No. 105

The purpose of this Resolution was to request certain parties to meet during the 1988 Legislative Interim to jointly examine areas of disagreement and attempt to derive solutions to issues related to leasehold condominiums in Hawaii.

Specifically, the Housing Finance and Development Corporation, the HALE Coalition, the Bishop Estate, small landlords or lessors, and other interested parties would meet under the auspices of the American Arbitration Association and attempt to resolve differences relating to, among other things: (1) condominium leasehold conversion; (2) lease rent control; (3) surrender clause restrictions; (4) problems of low owner-occupancy leasehold condominiums; (5) percentage of owners required to purchase (in the case of leasehold conversion); and (6) what formula or other method should be used to calculate the amount of purchase of leasehold interest or reimbursement at the end of a lease term.

Thousands of Hawaii's residents live in leasehold condominiums, and during the past several years many issues have been raised regarding renegotiation of leases, conversion of leasehold interest to fee simple, and rights of lessees upon the termination of leases. The Legislature has been actively trying to serve the public interest by examining proposals such as those listed above, and has found that there are several issues which might be resolved if the opposing parties could meet under favorable circumstances, discuss their differences, and reach mutually beneficial solutions which the Legislature could help to implement. This Resolution suggests a forum for such discussions.

Your Committee received supporting testimony from state agencies, lessors, and lessees, and finds that it would be in the best interests of all parties to meet and discuss their differences in a non-binding format which would produce information and possible solutions to these and other leasehold issues which must eventually be decided. The sooner that constructive discussions can commence, the better for all concerned.

However, your Committee believes that to be truly representative of leasehold interests, the discussions should include leasehold cooperative interests as well as condominiums, and has amended the Resolution accordingly. Your Committee has also made the following substantive amendments:

- (1) Included losing interest, longer leases, and the formula or method of computation for both sides among the list of leasehold issues which the Legislature has been discussing and which are slated for discussion during the proposed interim meetings;
- (2) Changed item (2) in the second "WHEREAS" clause to read "Renegotiated lease rent stabilization;"
- (3) Provided that the parties to be represented at the discussions shall be the Bishop Estate, Castle Estate, and James Mee or another designated small lessor, on the part of the lessors, and the Hawaii Council of Associations of Apartment Owners (HCAAO), the Hawaii Independent Condominium and Cooperative Owners (HICCO), and the HALE Coalition on the part of the lessees;
- (4) Requested the Attorney General and the Housing Finance and Development Corporation to act in an advisory capacity;
- (5) Included the new Condominium Specialist who is to be employed pursuant to S.B. No. 2501 as an active participant in the discussions;
- (6) Provided that if the parties cannot afford the services of the American Arbitration Association, they may enlist the services of the Neighborhood Justice Center to conduct the proceedings; and
- (7) Clarified that the meetings and discussions shall be non-binding and shall not require the preparation of proposed legislation and dissenting reports but only a report of findings and recommendations.

It is the intent of your Committee that the relevance of any subject matter which may come up for discussion shall be left to the discretion of the participants.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of S.R. No. 105, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 105, S.D. 1.

Signed by all members of the Committee except Senators Fernandes Salling, Matsuura, Nakasato and Tungpalan.

SCRep. 2858 (Joint) Human Services and Higher Education on S.C.R. No. 177

The purpose of this Concurrent Resolution is to request a study to meet staffing needs in human service delivery and in particular to investigate how citizens of West Hawaii might be prepared to fill vacancies in the Department of Human Services. The Department of Human Services would work with various units of the University of Hawaii to look at educational and training programs suitable for this purpose, and report jointly with the University to the Legislature in 1989.

Your Committees received supporting testimony from the Vice President for Academic Affairs, University of Hawaii at Manoa and the Director of Human Services and find that the Department has had difficulty filling social worker positions in West Hawaii, particularly in the child protective service program. This Concurrent Resolution would be instrumental in developing strategies to fill such positions with appropriately educated and trained West Hawaii residents.

Upon consideration, your Committees have amended the scope of this Concurrent Resolution to include persons from the neighbor islands generally, and by specifying that the study shall focus on the types of education and training that would be needed and the ways in which this training could be provided at such sites as the University of Hawaii at Hilo and the neighbor island community colleges.

Your Committees have also made technical changes which have no substantive effect.

Your Committees on Human Services and Higher Education concur with the intent and purpose of S.C.R. No. 177, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 177, S.D. 1.

Signed by all members of the Committees.

SCRep. 2859 (Joint) Human Services and Higher Education on S.R. No. 182

The purpose of this Resolution is to request a study to meet staffing needs in human service delivery and in particular to investigate how citizens of West Hawaii might be prepared to fill vacancies in the Department of Human Services. The Department of Human Services would work with various units of the University of Hawaii to look at educational and training programs suitable for this purpose, and report jointly with the University to the Legislature in 1989.

Your Committees received supporting testimony from the Vice President for Academic Affairs, University of Hawaii at Manoa and the Director of Human Services and find that the Department has had difficulty filling social worker positions in West Hawaii, particularly in the child protective service program. This Resolution would be instrumental in developing strategies to fill such positions with appropriately educated and trained West Hawaii residents.

Upon consideration, your Committees have amended the scope of this Resolution to include persons from the neighbor islands generally, and by specifying that the study shall focus on the types of education and training that would be needed and the ways in which this training could be provided at such sites as the University of Hawaii at Hilo and the neighbor island community colleges.

Your Committees have also made technical changes which have no substantive effect.

Your Committees on Human Services and Higher Education concur with the intent and purpose of S.R. No. 182, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 182, S.D. 1.

Signed by all members of the Committees.

SCRep. 2860 (Joint) Higher Education and Planning and Environment on S.R. No. 146

The purpose of this resolution is to urge the University of Hawaii Board of Regents to develop a comprehensive Master Plan for the development of the University of Hawaii.

The University of Hawaii has grown from a one-campus operation to a multi-campus statewide system requiring careful planning and coordination in the establishment of priorities and policies reflecting the changing University. Academic expansion into such areas as high technology transfer and economic development, space activities, new earth and marine science fields, and expanding natural energy and geothermal laboratories demand new and upgraded facilities, additional faculty, and large long-term investment of capital. The interrelationship between new programs, new faculty, and new facilities requiring new funding, demands that the University of Hawaii Board of Regents develop a comprehensive Master Plan for the further development of the University.

Your Committees find that there needs to be developed a comprehensive Master Plan consistent with the needs of the State of Hawaii and its people for the development of the University of Hawaii at Manoa, the University of Hawaii at Hilo, West Oahu College, West Hawaii Facility, the University of Hawaii Community Colleges, and the University of Hawaii Systemwide. The comprehensive Master Plan is to include:

- (1) Studies on facility development on each campus;
- (2) Expansion or reduction of academic programs on each campus;
- (3) Development of new program initiatives on each campus;
- (4) Areas of program specialties which could be identified for individual campuses within a network of interrelated support systemwide; and
- (5) A carefully programmed map of long-range goals for the University of Hawaii.

Your Committees have amended the resolution to clarify that the comprehensive Master Plan not be limited to the University of Hawaii integrated planning system which is already in place. Further, the University of Hawaii Board of Regents is requested to submit a report on the comprehensive Master Plan to the Legislature not less than twenty days prior to the convening of the Regular Session of 1989.

Your Committees on Higher Education and Planning and Environment concur with the intent and purpose of S.R. No. 146, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 146, S.D. 1.

Signed by all members of the Committees except Senator Nakasato.

SCRep. 2861 (Joint) Higher Education and Planning and Environment on S.C.R. No. 139

The purpose of this concurrent resolution is to urge the University of Hawaii Board of Regents to develop a comprehensive Master Plan for the development of the University of Hawaii.

The University of Hawaii has grown from a one-campus operation to a multi-campus statewide system requiring careful planning and coordination in the establishment of priorities and policies reflecting the changing University. Academic expansion into such areas as high technology transfer and economic development, space activities, new earth and marine science fields, and expanding natural energy and geothermal laboratories demand new and upgraded facilities, additional faculty, and large long-term investment of capital. The interrelationship between new programs, new faculty, and new facilities requiring new funding, demands that the University of Hawaii Board of Regents develop a comprehensive Master Plan for the further development of the University.

Your Committees find that there needs to be developed a comprehensive Master Plan consistent with the needs of the State of Hawaii and its people for the development of the University of Hawaii at Manoa, the University of Hawaii at Hilo, West Oahu College, West Hawaii Facility, the University of Hawaii Community Colleges, and the University of Hawaii Systemwide. The comprehensive Master Plan is to include:

- (1) Studies on facility development on each campus;
- (2) Expansion or reduction of academic programs on each campus;
- (3) Development of new program initiatives on each campus;
- (4) Areas of program specialties which could be identified for individual campuses within a network of interrelated support systemwide; and
- (5) A carefully programmed map of long-range goals for the University of Hawaii.

Your Committees have amended the concurrent resolution to clarify that the comprehensive Master Plan not be limited to the University of Hawaii integrated planning system which is already in place. Further, the University of Hawaii Board of Regents is requested to submit a report on the comprehensive Master Plan to the Legislature not less than twenty days prior to the convening of the Regular Session of 1989.

Your Committees on Higher Education and Planning and Environment concur with the intent and purpose of S.C.R. No. 139, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 139, S.D. 1.

Signed by all members of the Committees except Senator Nakasato.

SCRep. 2862 Military and Civil Defense on S.C.R. No. 33

The purpose of this concurrent resolution is to urge the Secretary of the Navy to select Pearl Harbor, Hawaii as the homeport for the USS Missouri and its associated ships.

This concurrent resolution also requests designated state departments to work closely with the Military Affairs Council to enhance the quality of life for military personnel and their families; requests designated state departments to determine the amount of housing and land needed; requests designated state departments to work with the Military Affairs Council to accommodate the enrollment of school-aged dependents of military and civilian personnel associated with the USS Missouri; and requests that reports on the housing, education and on overall activities be submitted to the Legislature twenty days before the convening of the Regular Session of 1989.

In 1985 the U.S. Navy sought to find a homeport for the Battleship USS Missouri and nine associated ships. The State government, the military, the business community, labor groups, many private organizations and the people of Hawaii

stood united to welcome the USS Missouri to Pearl Harbor. However, the final decision on basing the USS Missouri resulted in the selection of Hunter's Point in San Francisco.

Your Committee finds that since then, the current mayor and other city officials of San Francisco have voiced their opposition to the homeporting of the USS Missouri in San Francisco. Therefore, this concurrent resolution seeks to convey to the U.S. Navy that the State of Hawaii continues to support the basing of the USS Missouri at Pearl Harbor, and that the State is willing to undertake various tasks to accommodate this request.

Your Committee has amended the concurrent resolution by clarifying that the state departments and the Military Affairs Council are to work closely to enhance military life and to accommodate the school-age dependents of military and civilian personnel associated with the USS Missouri; deleting reference to the overall activities report by the Military Affairs Council; and making other technical changes for clarification.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.C.R. No. 33, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 33, S.D. 1.

Signed by all members of the Committee.

SCRep. 2863 (Joint) Housing, Hawaiian Programs and Natural Resources and Transportation on S.C.R. No. 244

The purpose of this concurrent resolution is to authorize the Department of Transportation to lease and provide for the reclamation and development by a private developer or developers certain public and submerged lands at the northeast shore site of Keehi Lagoon for recreational, educational and commercial purposes.

In December, 1987 the Department of Transportation completed a study on the future recreational plan for Keehi Lagoon. A recent update of the recreational plan identifies additional needs, including more berthing facilities for recreational and commercial vessels, maritime industry support lands, commercial/light industrial areas, active ocean recreation areas, shoreline fishing areas, and picnicking areas.

Canoe races and activities are presently being held in the waters offshore of the northeast corner of Keehi Lagoon. Interest has been expressed by private developers to develop a Canoe Center consisting of recreational, educational, and commercial facilities in this northeast corner of Keehi Lagoon and tidal and submerged lands adjacent thereto.

Your Committees find that a lease of the public lands at Keehi Lagoon will allow a private developer or developers to construct, operate and maintain recreational, educational, and commercial facilities, which would provide needed services and opportunities to the State without the necessity of expending State funds.

Your Committees further find that Section 171-60, Hawaii Revised Statutes, requires prior approval of the Governor, the Department of Land and Natural Resources, and/or the Department of Transportation, and authorization of the Legislature by concurrent resolution approving a development project before public and submerged lands may be leased by the State. This concurrent resolution provides the legislative authorization necessary to commence this project.

Your Committees on Housing, Hawaiian Programs and Natural Resources and Transportation concur with the intent and purpose of S.C.R. No. 244, and recommend its adoption.

Signed by all members of the Committees.

SCRep. 2864 Military and Civil Defense on S.R. No. 162

The purpose of this Resolution is to urge Congress to implement appropriate measures to mitigate the shortage of quality child care services and other factors which contribute to social maladjustment among military personnel and dependents stationed in Hawaii.

Hawaii presently has approximately 58,000 armed forces personnel and 66,000 dependents, many of whom work and socialize in the private sector to the benefit of the State and local communities. However, military personnel and family members also experience hardships such as low spousal employment and stress which could, to a large extent, be remedied by appropriate child care services. This Resolution emphasizes that it is in the best interest of the State and the United States to improve the quality of life for military personnel and dependents stationed in Hawaii and urges implementation of measures to improve the situation.

Your Committee received supporting testimony from the Chamber of Commerce and the Executive Director of the Armed Services YMCA of Honolulu.

Your Committee has amended this Resolution by providing for transmittal of certified copies to the Commander-in-Chief, U.S. Pacific Command; the Commander-in-Chief, U.S. Pacific Fleet; the Commander of the U.S. Army Western Command; and the Commanding General, Fleet Marine Force, Pacific. Your Committee has also deleted an incorrect reference to the Commander, Marine Corps Pacific.

In addition, your Committee has amended this Resolution by adding the Department of Defense to the first "BE IT FURTHER RESOLVED" clause in order to be consistent with the intent and its title.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.R. No. 162, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 162, S.D. 1.

Signed by all members of the Committee.

SCRep. 2865 (Joint) Military and Civil Defense and Government Operations on S.C.R. No. 171

The purpose of this concurrent resolution is to urge Hawaii's congressional delegation to request the Army Corps of Engineers to assess the condition of drainage systems on Oahu.

The recent storm which hit Oahu on New Year's Eve left parts of the island in a shambles. Hardest hit were the Windward and East Oahu areas. Although the flooding is attributable as an Act of God, to a certain extent, much of the flooding appears to have been caused by run-off water from clogged drainage canals and streams. The clogging was caused by debris and overgrown vegetation which without the storm would probably have not caused a problem.

To prevent this problem from recurring, your Committees find it necessary to provide local authorities with an immediate assessment of Oahu's drainage canals and streams so that the authorities can insure its proper functioning.

This concurrent resolution urges Hawaii's congressional delegation to request that the Army Corps of Engineers perform the assessment and report its findings to the Governor and the Mayor of the City and County of Honolulu.

Your Committees have amended this concurrent resolution by directly requesting the Army Corps of Engineers to perform the assessment, instead of channeling the request through Hawaii's congressional delegation. Your Committees have also amended the concurrent resolution by including the Legislature as a recipient of the report; and by providing copies of the concurrent resolution to the Army Corps of Engineers, the Governor, and the Mayor of the City and County of Honolulu.

Your Committees on Military and Civil Defense and Government Operations concur with the intent and purpose of S.C.R. No. 171, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 171, S.D. 1.

Signed by all members of the Committees except Senator Fernandes Salling.

SCRep. 2866 Military and Civil Defense on S.C.R. No. 156

The purpose of this Concurrent Resolution is to urge Congress to implement appropriate measures to mitigate the shortage of quality child care services and other factors which contribute to social maladjustment among military personnel and dependents stationed in Hawaii.

Hawaii presently has approximately 58,000 armed forces personnel and 66,000 dependents, many of whom work and socialize in the private sector to the benefit of the State and local communities. However, military personnel and family members also experience hardships such as low spousal employment and stress which could, to a large extent, be remedied by appropriate child care services. This Concurrent Resolution emphasizes that it is in the best interest of the State and the United States to improve the quality of life for military personnel and dependents stationed in Hawaii and urges implementation of measures to improve the situation.

Your Committee received supporting testimony from the Chamber of Commerce and the Executive Director of the Armed Services YMCA of Honolulu.

Your Committee has amended this Concurrent Resolution by providing for transmittal of certified copies to the Commander-in-Chief, U.S. Pacific Command; the Commander-in-Chief, U.S. Pacific Fleet; the Commander of the U.S. Army Western Command; and the Commanding General, Fleet Marine Force, Pacific. Your Committee has also deleted an incorrect reference to the Commander, Marine Corps Pacific.

In addition, your Committee has amended this Concurrent Resolution by adding the Department of Defense to the first "BE IT FURTHER RESOLVED" clause in order to be consistent with the intent and its title.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.C.R. No. 156, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 156, S.D. 1.

Signed by all members of the Committee.

SCRep. 2867 Health on S.C.R. No. 135

The purpose of this Concurrent Resolution is to request the Legislative Reference Bureau to study the cost implications of the Department of Health contracting with private companies for emergency medical services throughout the State.

The counties have the option to administer and operate emergency ambulance services, and if a county government does not exercise this option, the Department of Health contracts with private companies to provide such services. Currently, the Department contracts with private resources for emergency medical services for the Counties of Maui and Kauai and have had good experience with such arrangements. However, the City and County of Honolulu and the County of Hawaii still contract with the State, and the City and County of Honolulu has historically had difficulty retaining paramedics and other emergency services personnel.

This study would determine if, and in which arrangements or locations throughout the State, it would be more cost effective for the State to contract with private companies rather than counties for emergency medical services. Furthermore, in order to promote the timely completion of this study, the Department of Health is requested to obtain proposals from private industry for cost comparisons, competitive, and cost savings considerations not later than May 15, 1988 and at least ninety days prior to the expiration of any current ambulance contract with a county.

Your Committee received supporting testimony from the Director of Health and International Life Support and finds that it would be in the public interest to determine the relative cost effectiveness of providing emergency medical services throughout the State through contract with private companies, especially in the City and County of Honolulu and the County of Hawaii.

Your Committee has amended this Concurrent Resolution by requesting the Department of Health, rather than the Legislative Reference Bureau, to do the study, and by setting the cut-off date for private industry proposals, which shall contain all available information, at June 15 rather than May 15, 1988.

Your Committee has also made nonsubstantive technical amendments for the purposes of clarity and style and emphasized that the study is to determine if and where emergency services contracts between the State and private companies would be more advantageous, as well as more cost-effective, than contracting with a county.

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 135, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 135, S.D. 1.

Signed by all members of the Committee except Senator Matsuura.

SCRep. 2868 Health on S.C.R. No. 59

The purpose of this concurrent resolution is to request the Cancer Research Center of Hawaii to study the health risks to individuals exposed to the emissions from burning sugarcane. The Center would review its files to determine the cancer mortality experience of Hawaii sugarcane workers with particular note of the diagnosis of lung cancer including mesothelioma, leukemia, broncho-pulmonary disorders, and carcinoma of the conjunctiva. Should the review suggest excess mortality in any of those areas, the Department of Health is requested to explore the feasibility of conducting detailed case control studies of sugarcane workers.

The impact of sugarcane smoke on human health has not yet been well-defined. Studies are underway by the University of Hawaii School of Public Health, the Centers for Disease Control, and the National Institute of Occupational Safety and Health relating to potential hazards of sugarcane smoke, and your Committee has consistently supported efforts to develop information which would impact favorably on the public health. This concurrent resolution is consistent with such efforts.

However, your Committee believes that the issue of sugarcane burning as it relates to the public health is a compelling public issue and has amended this concurrent resolution in the following manner to reflect this opinion:

- (1) Added a "WHEREAS" clause indicating that burning sugarcane may pose a health risk and that studies aimed at better defining the nature and extent of that risk should be strongly encouraged and supported;
- (2) Expressed the strong support of the Legislature for the investigation and study of the burning of sugarcane as a potential health risk, including efforts by the Department of Health, the University of Hawaii School of Public Health, the Center for Environmental Health, and the National Institute of Occupational Safety and Health;
- (3) Requested the above named agencies to take quick and timely action in initiating and conducting their research;
- (4) Provided that the data compiled by the Cancer Research Center be available for review and analysis by the appropriate study groups;
- (5) Requested the Department of Health to submit a status report on the research and investigations of cane burning being carried out by the groups, along with recommendations for further action or legislation; and
- (6) Provided for certified copies of the concurrent resolution to be transmitted to the Director of the Hawaii Occupational Safety and Health Administration, the Director of Labor and Industrial Relations, the Director of the National Institute of Occupational Safety and Health, the Director of the Cancer Research Center of Hawaii, the Chairman of the Cane Smoke Working Group, and the Director of Health.

Your Committee has further amended this concurrent resolution by deleting the second and third "WHEREAS" clauses and clarifying in the sixth "WHEREAS" clause of the concurrent resolution as amended that scientists have determined that biogenic silica fibers derived from grass seeds acted as powerful tumor promoters on mouse skin that was "initiated with a polyaromatic hydrocarbon."

Your Committee on Health concurs with the intent and purpose of S.C.R. No. 59, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 59, S.D. 1.

Signed by all members of the Committee except Senator Matsuura.

SCRep. 2869 Housing, Hawaiian Programs and Natural Resources on S.R. No. 230

The purpose of this Resolution is to request the Legislative Reference Bureau to study and report on the concept of "transfer of development rights" (TDR).

The TDR concept allows property owners who are unable or unwilling to utilize the full development potential of their property to sell the balance of their development rights to other property owners within a designated area. This concept has proven to be a beneficial planning tool in other jurisdictions throughout the country, and this Resolution seeks to determine whether such would be beneficial to Hawaii.

Your Committee received supporting testimony from the Land Use Research Foundation of Hawaii and finds that the TDR concept is a broader based version of the types of density transfers currently allowed in Honolulu under joint development agreements, in the case of adjoining parcels. Subject to county safeguards, a TDR system could help preserve historic buildings, low density districts, and important open spaces, and is therefore an appropriate subject for interim study.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.R. No. 230 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 2870 Health on S.R. No. 73

The purpose of this resolution is to request the Cancer Research Center of Hawaii to study the health risks to individuals exposed to the emissions from burning sugarcane. The Center would review its files to determine the cancer mortality experience of Hawaii sugarcane workers with particular note of the diagnosis of lung cancer including mesothelioma, leukemia, broncho-pulmonary disorders, and carcinoma of the conjunctiva. Should the review suggest excess mortality in any of those areas, the Department of Health is requested to explore the feasibility of conducting detailed case control studies of sugarcane workers.

The impact of sugarcane smoke on human health has not yet been well-defined. Studies are underway by the University of Hawaii School of Public Health, the Centers for Disease Control, and the National Institute of Occupational Safety and Health relating to potential hazards of sugarcane smoke, and your Committee has consistently supported efforts to develop information which would impact favorably on the public health. This resolution is consistent with such efforts.

However, your Committee believes that the issue of sugarcane burning as it relates to the public health is a compelling public issue and has amended this resolution in the following manner to reflect this opinion:

- (1) Added a "WHEREAS" clause indicating that burning sugarcane may pose a health risk and that studies aimed at better defining the nature and extent of that risk should be strongly encouraged and supported;
- (2) Expressed the strong support of the Legislature for the investigation and study of the burning of sugarcane as a potential health risk, including efforts by the Department of Health, the University of Hawaii School of Public Health, the Center for Environmental Health, and the National Institute of Occupational Safety and Health;
- (3) Requested the above named agencies to take quick and timely action in initiating and conducting their research;
- (4) Provided that the data compiled by the Cancer Research Center be available for review and analysis by the appropriate study groups;
- (5) Requested the Department of Health to submit a status report on the research and investigations of cane burning being carried out by the groups, along with recommendations for further action or legislation; and
- (6) Provided for certified copies of the resolution to be transmitted to the Director of the Hawaii Occupational Safety and Health Administration, the Director of Labor and Industrial Relations, the Director of the National Institute of Occupational Safety and Health, the Director of the Cancer Research Center of Hawaii, the Chairman of the Cane Smoke Working Group, and the Director of Health.

Your Committee has further amended this resolution by deleting the second and third "WHEREAS" clauses and clarifying in the sixth "WHEREAS" clause of the resolution as amended that scientists have determined that biogenic silica fibers derived from grass seeds acted as powerful tumor promoters on mouse skin that was "initiated with a polyaromatic hydrocarbon."

Your Committee on Health concurs with the intent and purpose of S.R. No. 73, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 73, S.D. 1.

Signed by all members of the Committee except Senator Matsuura.

SCRep. 2871 Health on S.C.R. No. 162

The purpose of this Concurrent Resolution is to request the Department of Health to study the need for and implementation of a statewide trauma care system to include identification and definition of various trauma system components, assessment of current resources, and additional resources necessary for optimal care statewide.

Traumatic injuries are the leading cause of death of Americans under forty and the third leading cause of death of Americans of all ages. This Concurrent Resolution requests a close look at the various components of Hawaii's trauma system, including a definition of "statewide trauma care system", identification of components that are already in place and operating at optimum levels, identification of substandard components, and identification of patient care needs. It also addresses the subjects of ground transportation, communications, air transportation, rehabilitation, establishment of a trauma registry, and timely implementation of quality assurance mechanisms for all phases of trauma treatment.

Your Committee received supporting testimony from the Director of Health and finds that the Department of Health has engaged the services of an experienced emergency medical services systems analyst to assess the state trauma system and, subject to approval of \$75,000 in the Executive Budget, the Department will also implement a trauma registry and audit

trauma deaths which occurred in 1987. These measures will provide for the collection of data by which to evaluate the current system, assess various system components, and reallocate resources if necessary to enhance the ability of the State to deal effectively with trauma.

Your Committee has amended this Concurrent Resolution by deleting the last "WHEREAS" clause on page one and the first "WHEREAS" clause on page two. Your Committee has further amended this Concurrent Resolution by clarifying that the study shall include review and recommendations regarding a statewide trauma care system and by deleting reference to a definition of "statewide trauma care system."

Your Committee on Health 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 Senator Matsuura.

SCRep. 2872 Housing, Hawaiian Programs and Natural Resources on S.C.R. No. 236

The purpose of this Concurrent Resolution is to request the Legislative Reference Bureau to study and report on the concept of "transfer of development rights" (TDR).

The TDR concept allows property owners who are unable or unwilling to utilize the full development potential of their property to sell the balance of their development rights to other property owners within a designated area. This concept has proven to be a beneficial planning tool in other jurisdictions throughout the country, and this Concurrent Resolution seeks to determine whether such would be beneficial to Hawaii.

Your Committee received supporting testimony from the Land Use Research Foundation of Hawaii and finds that the TDR concept is a broader based version of the types of density transfers currently allowed in Honolulu under joint development agreements, in the case of adjoining parcels. Subject to county safeguards, a TDR system could help preserve historic buildings, low density districts, and important open spaces, and is therefore an appropriate subject for interim study.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.C.R. No. 236 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2873 Health on S.R. No. 167

The purpose of this Resolution is to request the Department of Health to study the need for and implementation of a statewide trauma care system to include identification and definition of various trauma system components, assessment of current resources, and additional resources necessary for optimal care statewide.

Traumatic injuries are the leading cause of death of Americans under forty and the third leading cause of death of Americans of all ages. This Resolution requests a close look at the various components of Hawaii's trauma system, including a definition of "statewide trauma care system", identification of components that are already in place and operating at optimum levels, identification of substandard components, and identification of patient care needs. It also addresses the subjects of ground transportation, communications, air transportation, rehabilitation, establishment of a trauma registry, and timely implementation of quality assurance mechanisms for all phases of trauma treatment.

Your Committee received supporting testimony from the Director of Health and finds that the Department of Health has engaged the services of an experienced emergency medical services systems analyst to assess the state trauma system and, subject to approval of \$75,000 in the Executive Budget, the Department will also implement a trauma registry and audit trauma deaths which occurred in 1987. These measures will provide for the collection of data by which to evaluate the current system, assess various system components, and reallocate resources if necessary to enhance the ability of the State to deal effectively with trauma.

Your Committee has amended this Resolution by deleting the last "WHEREAS" clause on page one and the first "WHEREAS" clause on page two. Your Committee has further amended this Resolution by clarifying that the study shall include review and recommendations regarding a statewide trauma care system and by deleting reference to a definition of "statewide trauma care system."

Your Committee on Health concurs with the intent and purpose of S.R. No. 167, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 167, S.D. 1.

Signed by all members of the Committee except Senator Matsuura.

SCRep. 2874 Housing, Hawaiian Programs and Natural Resources on S.C.R. No. 207

The purpose of this Resolution is to request the Department of Land and Natural Resources to adopt rules to govern the use of kuleana lands in the Conservation Districts.

The framers of the Mahele in 1848 contemplated that one-third of Hawaii's four million acres would be awarded in the form of kuleana to native Hawaiians for residential and subsistence purposes. However, for many reasons, including shortness of time allowed to submit claims, unfamiliarity with western concepts of private ownership, prohibitive costs associated with surveys, and lack of notice to potential claimants, the Mahele failed and native Hawaiians ended up with less than one percent of the land. Those who succeeded in making claims have had to contend with aggressive large land

owners and, in modern times, with strict Conservation District Use rules which have discouraged residential and subsistence use.

Your Committee received supporting testimony from the Chairperson of the Board of Land and Natural Resources and the Native Hawaiian Legal Corporation and finds that there is a need to clarify the priority of land use by kuleana owners in Conservation Districts. The adoption of clear rules would benefit administering agencies and the general public alike and would be consistent with Article XII, Section 7 of the State Constitution which establishes a state policy to protect all rights, customarily and traditionally exercised for subsistence, cultural and religious purposes by ahupua'a tenants.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.C.R. No. 207 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2875 Housing, Hawaiian Programs and Natural Resources on S.R. No. 201

The purpose of this Resolution is to request the Department of Land and Natural Resources to adopt rules to govern the use of kuleana lands in the Conservation Districts.

The framers of the Mahele in 1848 contemplated that one-third of Hawaii's four million acres would be awarded in the form of kuleana to native Hawaiians for residential and subsistence purposes. However, for many reasons, including shortness of time allowed to submit claims, unfamiliarity with western concepts of private ownership, prohibitive costs associated with surveys, and lack of notice to potential claimants, the Mahele failed and native Hawaiians ended up with less than one percent of the land. Those who succeeded in making claims have had to contend with aggressive large land owners and, in modern times, with strict Conservation District Use rules which have discouraged residential and subsistence use.

Your Committee received supporting testimony from the Chairperson of the Board of Land and Natural Resources and the Native Hawaiian Legal Corporation and finds that there is a need to clarify the priority of land use by kuleana owners in Conservation Districts. The adoption of clear rules would benefit administering agencies and the general public alike and would be consistent with Article XII, Section 7 of the State Constitution which establishes a state policy to protect all rights, customarily and traditionally exercised for subsistence, cultural and religious purposes by ahupua'a tenants.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.R. No. 201 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2876 (Joint) Housing, Hawaiian Programs and Natural Resources and Transportation on S.C.R. No. 196

The purpose of this Concurrent Resolution is to authorize the Department of Transportation (DOT) to dispose of, by lease, certain submerged and tidal lands for a nonprofit maritime center and a fuel/pump out facility at Lahaina Small Boat Harbor.

The authorization is made pursuant to Section 171-53, Hawaii Revised Statutes, which requires the prior approval of the Governor and the prior authorization of the Legislature by Concurrent Resolution before the DOT may lease the subject lands.

Your Committees on Housing, Hawaiian Programs and Natural Resources and Transportation concur with the intent and purpose of S.C.R. No. 196 and recommend its adoption.

Signed by all members of the Committees except Senator Chang.

SCRep. 2877 (Joint) Housing, Hawaiian Programs and Natural Resources and Transportation on S.C.R. No. 194

The purpose of this concurrent resolution is to authorize the Department of Transportation to lease certain submerged and tidal lands for a nonprofit maritime center.

Section 171-53, Hawaii Revised Statutes, requires the prior authorization of the Legislature by Concurrent Resolution, prior approval of the Governor, and prior approval of the Board of Natural Resources before the Department of Transportation can lease submerged and tidal lands. The Department of Transportation desires to lease for sixty-five years certain submerged and tidal lands in Honolulu Harbor, Oahu, for a nonprofit maritime center. The Board of Natural Resources and the Governor have already approved such a lease and this Concurrent Resolution grants the Legislature's authority as well.

Your Committees received testimony from the Department of Transportation which stated that the Falls of Clyde and the Hokulea will be features at the maritime center and find that the proposed lease for a nonprofit maritime center is in the best interests of the State.

Your Committees on Housing, Hawaiian Programs and Natural Resources and Transportation concur with the intent and purpose of S.C.R. No. 194 and recommend its adoption.

Signed by all members of the Committees.

SCRep. 2878 Housing, Hawaiian Programs and Natural on S.C.R. No. 205

The purpose of this Concurrent Resolution is to request the Legislature to investigate, examine, and identify the problems and issues relating to the Hawaiian Home Lands Trust and the Public Land Trust, Article XII, Section 4, of the Hawaii State Constitution.

Under this proposal, the Legislature would formulate proposed solutions to issues relating to the trusts and the beneficiaries thereof, including the entitlements of the Office of Hawaiian Affairs. The Governor and one member of each legislative house would meet and provide information and support to the Legislature in its effort to formulate comprehensive legislation for the 1989 session, including a right by the beneficiaries to sue to enforce their interests. All interested groups would be afforded opportunities for input via public forums or hearings scheduled so as to allow time to accommodate any views and positions which may be expressed.

Your Committee finds that the determination of the rights of beneficiaries under the trusts is a compelling public issue which requires timely solution. This Concurrent Resolution would provide a means by which the parties could formulate policies and produce appropriate legislation in time for consideration by the Legislature in the 1989 Regular Session.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.C.R. No. 205 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2879 Higher Education on S.R. No. 189

The purpose of this Resolution is to request the Institute of Peace at the University of Hawaii to initiate the organization of a peace conference in Hawaii, by working with experts from the East-West Center.

This Resolution also requests the Governor to appoint a committee to work with the Institute for Peace and the East-West Center to ascertain the feasibility of having a conference in Hawaii, focusing in particular on the funding and logistics of the effort, develop an agenda for the conference and make a list of invitees.

The purpose of the peace conference would be to address issues such as regional conflicts, religious and ethnic conflicts, conflicts resulting from different economic systems, security and arms control, human rights, social justice, economic development, and related issues.

Your Committee finds that continuing conflicts throughout the world today have given rise to efforts to resolve these conflicts to achieve peaceful and just settlements. A viable means for resolution is to organize a peace conference to address issues of peace and social justice. Hawaii would be an excellent place for such a conference because of the prevailing Aloha Spirit and the racial and cultural diversity of its citizens. This Resolution requests that initial actions be taken for the organization of a peace conference in Hawaii.

Your Committee, upon the recommendation of the Reverend Akaka, has amended the resolution to provide language which addresses a new approach to achieve peace on Earth. Your Committee has further amended the Resolution to include the Reverend Akaka Foundation in the development of the agenda, and to transmit copies of the resolution to the Institute of Peace and the Reverend Akaka Foundation.

Your Committee on Higher Education 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.

SCRep. 2880 Higher Education on S.C.R. No. 184

The purpose of this Concurrent Resolution is to request the Institute of Peace at the University of Hawaii to initiate the organization of a peace conference in Hawaii, by working with experts from the East-West Center.

This Concurrent Resolution also requests the Governor to appoint a committee to work with the Institute for Peace and the East-West Center to ascertain the feasibility of having a conference in Hawaii, focusing in particular on the funding and logistics of the effort, develop an agenda for the conference and make a list of invitees.

The purpose of the peace conference would be to address issues such as regional conflicts, religious and ethnic conflicts, conflicts resulting from different economic systems, security and arms control, human rights, social justice, economic development, and related issues.

Your Committee finds that continuing conflicts throughout the world today have given rise to efforts to resolve these conflicts to achieve peaceful and just settlements. A viable means for resolution is to organize a peace conference to address issues of peace and social justice. Hawaii would be an excellent place for such a conference because of the prevailing Aloha Spirit and the racial and cultural diversity of its citizens. This Concurrent Resolution requests that initial actions be taken for the organization of a peace conference in Hawaii.

Your Committee, upon the recommendation of the Reverend Akaka, has amended the resolution to provide language which addresses a new approach to achieve peace on Earth. Your Committee has further amended the Concurrent Resolution to include the Reverend Akaka Foundation in the development of the agenda, and to transmit copies of the resolution to the Institute of Peace and the Reverend Akaka Foundation.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 184, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 184, S.D. 1.

Signed by all members of the Committee.

SCRep. 2881 Higher Education on S.R. No. 94

The purpose of this resolution is to request a study on the feasibility of establishing child care centers throughout the University of Hawaii campuses.

This resolution requests the University of Hawaii to prepare cost estimates and an implementation plan for the establishment of child care centers on every University campus where a significant demand for child care services exists, and report to the Legislature on its findings and recommendations twenty days prior to the convening of the Regular Session of 1989.

Your Committee finds that approximately 60 percent of households are headed by working women. Further, Hawaii's rate of working mothers with children under the age of six is 51.46 percent, higher than the national average. There is a severe shortage of both private and public child care facilities in Hawaii which has created significant wait lists for placement of children. This shortage not only hampers the working mother, but also the mother seeking higher education.

The University of Hawaii Manoa Campus is presently providing child care services through its pilot child care center project which was implemented following passage of legislation by the 1986 legislature. In less than one year the center has reached full enrollment and has a wait list of 96 hopeful parents. This is a good indication that there is a need in the University system for child care centers.

Your Committee has amended the resolution by clarifying that the University of Hawaii study the feasibility of establishing child care centers throughout the University campuses, including additional information and statistics to support the intent of the resolution, and to transmit certified copies of the resolution to various government and private agencies which directly affect women's needs.

Your Committee on Higher Education 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.

SCRep. 2882 Higher Education on S.C.R. No. 86

The purpose of this concurrent resolution is to request a study on the feasibility of establishing child care centers throughout the University of Hawaii campuses.

This concurrent resolution requests the University of Hawaii to prepare cost estimates and an implementation plan for the establishment of child care centers on every University campus where a significant demand for child care services exists, and report to the Legislature on its findings and recommendations twenty days prior to the convening of the Regular Session of 1989.

Your Committee finds that approximately 60 percent of households are headed by working women. Further, Hawaii's rate of working mothers with children under the age of six is 51.46 percent, higher than the national average. There is a severe shortage of both private and public child care facilities in Hawaii which has created significant wait lists for placement of children. This shortage not only hampers the working mother, but also the mother seeking higher education.

The University of Hawaii Manoa Campus is presently providing child care services through its pilot child care center project which was implemented following passage of legislation by the 1986 legislature. In less than one year the center has reached full enrollment and has a wait list of 96 hopeful parents. This is a good indication that there is a need in the University system for child care centers.

Your Committee has amended the concurrent resolution by clarifying that the University of Hawaii study the feasibility of establishing child care centers throughout the University campuses, including additional information and statistics to support the intent of the resolution, and to transmit certified copies of the resolution to various government and private agencies which directly affect women's needs.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 86, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 86, S.D. 1.

Signed by all members of the Committee.

SCRep. 2883 Higher Education on S.C.R. No. 83

The purpose of this concurrent resolution is to request the Legislative Auditor to conduct a study of the University of Hawaii faculty salary and teaching load.

Your Committee finds that, although half of all students attending the University of Hawaii are community college students, a significant pay inequity exists between faculty members at community colleges and other University campuses.

Unless this inequity is resolved, the University stands to lose qualified and competent faculty to other institutions of higher learning. This concurrent resolution will provide the Legislature with the information necessary to effectively address the problem of faculty pay inequity.

Your Committee has amended the concurrent resolution by generally providing a history of this problem to illustrate its long standing and nonresolution. Your Committee has further amended the concurrent resolution to require the resulting report to be filed over a two year period instead of one year; to include the University of Hawaii Professional Assembly in the preparation of the report; and to make a technical change in the title which has no substantive effect.

Your Committee on Higher 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. 2884 Higher Education on S.R. No. 91

The purpose of this resolution is to request the Legislative Auditor to conduct a study of the University of Hawaii faculty salary and teaching load.

Your Committee finds that, although half of all students attending the University of Hawaii are community college students, a significant pay inequity exists between faculty members at community colleges and other University campuses.

Unless this inequity is resolved, the University stands to lose qualified and competent faculty to other institutions of higher learning. This resolution will provide the Legislature with the information necessary to effectively address the problem of faculty pay inequity.

Your Committee has amended the resolution by generally providing a history of this problem to illustrate its long standing and nonresolution. Your Committee has further amended the resolution to require the resulting report to be filed over a two year period instead of one year; and to include the University of Hawaii Professional Assembly in the preparation of the report.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 91, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as S.R. No. 91, S.D. 1.

Signed by all members of the Committee.

SCRep. 2885 Higher Education on S.R. No. 197

The purpose of this resolution is to request the University of Hawaii to develop and implement an Hawaiian Studies action alliance among the various campuses.

The action alliance is to include student exchanges to enrich the learning experiences, faculty exchanges to improve the quality and expand the scope of instruction, and other arrangements to facilitate cooperative research and teaching projects particularly between the Hilo and Manoa campuses.

Your Committee finds that in 1986 there were 3,682 Hawaiian students enrolled in the University of Hawaii system. The coordination and collaboration for Hawaiian Studies systemwide would strengthen academic excellence and encourage Hawaiian students to pursue and complete their higher education.

Your Committee received testimony from the University of Hawaii and the Office of Hawaiian Affairs in support of this resolution.

Your Committee has amended the resolution to clarify that the Office of Hawaiian Affairs, Alu Like, the Hawaiian Civic Clubs, the Kamehameha Schools/Bishop Estates, the Liliuokalani Trust, and various other Hawaiian organizations have advocated the development of a systemwide Hawaiian Studies program at the University of Hawaii; include consultation with the Office of Hawaiian Affairs, as the community advocate and coordinator, in the planning for the Hawaiian Studies program; request the University of Hawaii to submit a report on the action alliance twenty days prior to the convening of the Regular Session of 1989; and require that certified copies of the resolution be transmitted to the above mentioned Hawaiian agencies and organizations.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 197, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 197, S.D. 1.

Signed by all members of the Committee.

SCRep. 2886 (Joint) Higher Education and Tourism and Recreation on S.R. No. 188

The purpose of this resolution is to urge the University of Hawaii to provide expertise and establish projects and programs of mutual benefit to the University of Hawaii and the Honolulu Zoo.

The resolution also requests that the Zoo take the lead in forming a task force consisting of University and Zoo personnel to look into areas of collaboration.

The University testified in support of the resolution, and indicated that the Honolulu Zoo is a highly valuable resource for teaching students of zoology, ethology, and ecology. The Director of the Honolulu Zoo testified that the Zoo could benefit from the expertise provided by the University, and at the same time, the University could benefit by its use of the zoo as a unique site for laboratory and classroom learning.

Your Committees have amended the resolution by providing that both the Zoo and the University of Hawaii are requested to work together to form a task force to look into areas of collaboration, instead of the Zoo taking the lead in forming the task force. Your Committees have also amended the resolution by adding that a copy of the resolution be transmitted to the Director of the Honolulu Zoo.

Your Committees on Higher Education and Tourism and Recreation concur with the intent and purpose of S.R. No. 188, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 188, S.D. 1.

Signed by all members of the Committees except Senator Nakasato.

SCRep. 2887 Higher Education on S.C.R. No. 202

The purpose of this concurrent resolution is to request the University of Hawaii to develop and implement an Hawaiian Studies action alliance among the various campuses.

The action alliance is to include student exchanges to enrich the learning experiences, faculty exchanges to improve the quality and expand the scope of instruction, and other arrangements to facilitate cooperative research and teaching projects particularly between the Hilo and Manoa campuses.

Your Committee finds that in 1986 there were 3,682 Hawaiian students enrolled in the University of Hawaii system. The coordination and collaboration for Hawaiian Studies systemwide would strengthen academic excellence and encourage Hawaiian students to pursue and complete their higher education.

Your Committee received testimony from the University of Hawaii and the Office of Hawaiian Affairs in support of this concurrent resolution.

Your Committee has amended the concurrent resolution to clarify that the Office of Hawaiian Affairs, Alu Like, the Hawaiian Civic Clubs, the Kamehameha Schools/Bishop Estates, the Liliuokalani Trust, and various other Hawaiian organizations have advocated the development of a systemwide Hawaiian Studies program at the University of Hawaii; include consultation with the Office of Hawaiian Affairs, as the community advocate and coordinator, in the planning for the Hawaiian Studies program; request the University of Hawaii to submit a report on the action alliance twenty days prior to the convening of the Regular Session of 1989; and require that certified copies of the concurrent resolution be transmitted to the above mentioned Hawaiian agencies and organizations.

Your Committee on Higher Education concurs with the intent and purpose of S.C.R. No. 202, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 202, S.D. 1.

Signed by all members of the Committee.

SCRep. 2888 (Joint) Higher Education and Tourism and Recreation on S.C.R. No. 183

The purpose of this concurrent resolution is to urge the University of Hawaii to provide expertise and establish projects and programs of mutual benefit to the University of Hawaii and the Honolulu Zoo.

The concurrent resolution also requests that the Zoo take the lead in forming a task force consisting of University and Zoo personnel to look into areas of collaboration.

The University testified in support of the concurrent resolution, and indicated that the Honolulu Zoo is a highly valuable resource for teaching students of zoology, ethology, and ecology. The Director of the Honolulu Zoo testified that the Zoo could benefit from the expertise provided by the University, and at the same time, the University could benefit by its use of the zoo as a unique site for laboratory and classroom learning.

Your Committees have amended the concurrent resolution by providing that both the Zoo and the University of Hawaii are requested to work together to form a task force to look into areas of collaboration, instead of the Zoo taking the lead in forming the task force. Your Committees have also amended the concurrent resolution by adding that a copy of the concurrent resolution be transmitted to the Director of the Honolulu Zoo.

Your Committees on Higher Education and Tourism and Recreation concur with the intent and purpose of S.C.R. No. 183, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 183, S.D. 1.

Signed by all members of the Committees except Senator Nakasato.

SCRep. 2889 (Joint) Consumer Protection and Commerce and Military and Civil Defense on S.C.R. No. 186

The purpose of this Concurrent Resolution is to urge the financial community and the armed services to negotiate an interim agreement which protects credit worthy members of the armed services from losing their motor vehicles when they are transferred to new duty stations.

Section 476-26, Hawaii Revised Statutes, permits financial institutions to prevent or restrict members of the armed forces on active duty in Hawaii from removing their motor vehicles to new duty stations. Inconsistent application of this provision has created hardship on otherwise credit worthy individuals, and a prompt solution would be in the best interests of all concerned. This Concurrent Resolution would seek to bring the parties together to develop mutually agreeable legislation for presentation to the Fifteenth Legislature.

Your Committees have amended this Concurrent Resolution as follows:

- (1) Clarified that the affected credit worthy members of the armed forces are those who are moving to another station, continuing service, or on emergency deployment;
- (2) Provided that the interested parties shall meet at the Chamber of Commerce for their discussions;
- (3) Clarified that the meetings should result in proposed rather than permanent legislation; and
- (4) Made technical changes which have no substantial effect.

It is the intent of your Committees that the parties who are urged to meet, in addition to those cited in the Concurrent Resolution, shall include the Commissioner of Financial Institutions, a representative of the Chamber of Commerce, a command representative of CINCPAC, and a representative of the Hawaii Automobile Dealers Association.

Your Committees on Consumer Protection and Commerce and Military and Civil Defense concur with the intent and purpose of S.C.R. No. 186, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 186, S.D. 1.

Signed by all members of the Committees except Senators Tungpalan, McMurdo, Chang, B. Kobayashi, Matsuura and Nakasato.

SCRep. 2890 (Joint) Consumer Protection and Commerce and Military and Civil Defense on S.R. No. 191

The purpose of this Resolution is to urge the financial community and the armed services to negotiate an interim agreement which protects credit worthy members of the armed services from losing their motor vehicles when they are transferred to new duty stations.

Section 476-26, Hawaii Revised Statutes, permits financial institutions to prevent or restrict members of the armed forces on active duty in Hawaii from removing their motor vehicles to new duty stations. Inconsistent application of this provision has created hardship on otherwise credit worthy individuals, and a prompt solution would be in the best interests of all concerned. This Resolution would seek to bring the parties together to develop mutually agreeable legislation for presentation to the Fifteenth Legislature.

Your Committees have amended this Resolution as follows:

- (1) Clarified that the affected credit worthy members of the armed forces are those who are moving to another station, continuing service, or on emergency deployment;
- (2) Provided that the interested parties shall meet at the Chamber of Commerce for their discussions;
- (3) Clarified that the meetings should result in proposed rather than permanent legislation; and
- (4) Made technical changes which have no substantial effect.

It is the intent of your Committees that the parties who are urged to meet, in addition to those cited in the Resolution, shall include the Commissioner of Financial Institutions, a representative of the Chamber of Commerce, a command representative of CINCPAC, and a representative of the Hawaii Automobile Dealers Association.

Your Committees on Consumer Protection and Commerce and Military and Civil Defense concur with the intent and purpose of S.R. No. 191, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 191, S.D. 1.

Signed by all members of the Committees except Senators Tungpalan, McMurdo, Chang, B. Kobayashi, Matsuura and Nakasato.

SCRep. 2891 Housing, Hawaiian Programs and Natural Resources on S.C.R. No. 239

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to conduct a study to determine the needs and most effective means for preservation of the Hawaiian language.

This concurrent resolution would provide for the necessary data and subsequent recommendations to move toward a master plan for promotion and maintenance of the language, followed by implementation of the plan.

The Hawaii State Constitution was amended in 1978 to establish the Hawaiian language as one of two official languages in the State. The preservation of the living Hawaiian language is a major contributing factor to the enhancement of the local economy and the survival of Hawaii's unique indigenous culture.

Unless the State of Hawaii exercises its leadership and full legal authority, there is a real threat of extinction of the native language by the 21st century.

Your Committee heard supporting testimony provided by the Assistant Vice President for Academic Affairs of the University of Hawaii, The Office of Hawaiian Affairs, and the Superintendent of the Department of Education and finds that the study requested in this measure will provide valuable information and enhance efforts by the State, the academic and teaching community, and the private sector to preserve the Hawaiian language.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.C.R. No. 239 and recommends its adoption.

Signed by all members of the Committee except Senators Matsuura and Yamasaki.

SCRep. 2892 (Joint) Health and Housing, Hawaiian Programs and Natural Resources on S.C.R. No. 153

The purpose of this concurrent resolution is to urge Queen's Hospital to recognize the primary purpose behind its original charter by restoring free medical aid for indigent, sick, and disabled Hawaiians.

Anguished over the decimation of the Hawaiian people by European diseases, King Kamehameha and Queen Emma personally undertook to raise funds to help build Queen's Hospital. The hospital opened in 1859, providing medical assistance to 1,354 Hawaiians during its first year of operation.

After Queen Emma's death in 1885, Queen's Hospital, now known as Queen's Medical Center, was named in her will to ensure its ability to fulfill its mission to the people of Hawaii.

The hospital continued to provide free medical assistance to hundreds of Hawaiians until 1950, when the Territorial Supreme Court terminated Queen Emma's trust and distributed the assets. As a result of this distribution, Queen's Medical Center receives income from Queen Emma's original land holdings, which provide extensive revenue not presently shared by Hawaiians. In contrast, there remain many indigent, sick, and disabled Hawaiians in need of medical assistance.

Your Committees heard testimony by the Association of Hawaiian Civic Clubs (AHCC) describing this concurrent resolution as a beginning to correcting the cumulative wrong-doings experienced by the disenfranchised native beneficiaries of the Queen's will.

Your Committees believe that it is appropriate for Queen's Medical Center to comply with the intent of the Legislative Assembly of the Kingdom of the Hawaiian Islands by the Act of April 20, 1859, which provides for medical assistance to indigent, sick, and disabled Hawaiians and have amended this concurrent resolution by incorporating additional background information and the intent and purpose (1) for establishing Queen's Hospital; and (2) of Queen Emma's will, which were taken from the two resolutions that were included in the AHCC's testimony. Your Committees have further amended this bill by making other nonsubstantive changes for the purpose of clarity.

Your Committees on Health and Housing, Hawaiian Programs and Natural Resources concur with the intent and purpose of S.C.R. No. 153, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 153, S.D. 1.

Signed by all members of the Committees except Senators Matsuura, McMurdo and Yamasaki.

SCRep. 2893 (Joint) Health and Housing, Hawaiian Programs and Natural Resources on S.R. No. 157

The purpose of this resolution is to urge Queen's Hospital to recognize the primary purpose behind its original charter by restoring free medical aid for indigent, sick, and disabled Hawaiians.

Anguished over the decimation of the Hawaiian people by European diseases, King Kamehameha and Queen Emma personally undertook to raise funds to help build Queen's Hospital. The hospital opened in 1859, providing medical assistance to 1,354 Hawaiians during its first year of operation.

After Queen Emma's death in 1885, Queen's Hospital, now known as Queen's Medical Center, was named in her will to ensure its ability to fulfill its mission to the people of Hawaii.

The hospital continued to provide free medical assistance to hundreds of Hawaiians until 1950, when the Territorial Supreme Court terminated Queen Emma's trust and distributed the assets. As a result of this distribution, Queen's Medical Center receives income from Queen Emma's original land holdings, which provide extensive revenue not presently shared by Hawaiians. In contrast, there remain many indigent, sick, and disabled Hawaiians in need of medical assistance.

Your Committees heard testimony by the Association of Hawaiian Civic Clubs (AHCC) describing this resolution as a beginning to correcting the cumulative wrong-doings experienced by the disenfranchised native beneficiaries of the Queen's will.

Your Committees believe that it is appropriate for Queen's Medical Center to comply with the intent of the Legislative Assembly of the Kingdom of the Hawaiian Islands by the Act of April 20, 1859, which provides for medical assistance to indigent, sick, and disabled Hawaiians and have amended this resolution by incorporating additional background information and the intent and purpose (1) for establishing Queen's Hospital; and (2) of Queen Emma's will, which were taken from the two resolutions that were included in the AHCC's testimony. Your Committees have further amended this resolution by making other nonsubstantive changes for the purpose of clarity.

Your Committees on Health and Housing, Hawaiian Programs and Natural Resources concur with the intent and purpose of S.R. No. 157, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 157, S.D. 1.

Signed by all members of the Committees except Senators Matsuura, McMurdo and Yamasaki.

SCRep. 2894 Housing, Hawaiian Programs and Natural Resources on S.R. No. 90

The purpose of this Resolution is to request the Department of Agriculture to study the feasibility and impact of developing water resources from the Lualualei Tunnel for use by Waianae diversified agriculture farmers.

Diversified crop farmers in the Waianae area currently face water shortages and serious financial hardship should water rates be increased. However, a water supply exists in the Lualualei Tunnel which is not being used by the City and County of Honolulu. This Resolution would request that information be developed regarding the feasibility of the State developing that water supply for use by the diversified agriculture farmers.

Your Committee received testimony from the Hawaii Farm Bureau and the Chairperson of the Board of Agriculture and finds that it would be in the public interest to develop the Lualualei Tunnel water supply if such proves to be practical and beneficial to the Waianae area.

Upon further consideration, your Committee has amended this Resolution by requesting the Commission on Water Resource Management to conduct the study, rather than the Department of Agriculture. The Commission, attached to the Department of Land and Natural Resources, has the responsibility for investigations into all aspects of water use and has access to the necessary expertise to a greater degree than the Department of Agriculture. In addition, your Committee has deleted the second "WHEREAS" clause, substituted the word "shaft" for the word "tunnel" throughout the Resolution, including the title, and made 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. 90, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 90, S.D. 1.

Signed by all members of the Committee except Senators Matsuura, Yamasaki and Ikeda.

SCRep. 2895 Housing, Hawaiian Programs and Natural Resources on S.C.R. No. 82

The purpose of this Concurrent Resolution is to request the Department of Agriculture to study the feasibility and impact of developing water resources from the Lualualei Tunnel for use by Waianae diversified agriculture farmers.

Diversified crop farmers in the Waianae area currently face water shortages and serious financial hardship should water rates be increased. However, a water supply exists in the Lualualei Tunnel which is not being used by the City and County of Honolulu. This Concurrent Resolution would request that information be developed regarding the feasibility of the State developing that water supply for use by the diversified agriculture farmers.

Your Committee received testimony from the Hawaii Farm Bureau and the Chairperson of the Board of Agriculture and finds that it would be in the public interest to develop the Lualualei Tunnel water supply if such proves to be practical and beneficial to the Waianae area.

Upon further consideration, your Committee has amended this Concurrent Resolution by requesting the Commission on Water Resource Management to conduct the study, rather than the Department of Agriculture. The Commission, attached to the Department of Land and Natural Resources, has the responsibility for investigations into all aspects of water use and has access to the necessary expertise to a greater degree than the Department of Agriculture. In addition, your Committee has deleted the second "WHEREAS" clause, substituted the word "shaft" for the word "tunnel" throughout the Concurrent Resolution, including the title, and made technical changes which have no substantive effect.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.C.R. No. 82, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 82, S.D. 1.

Signed by all members of the Committee except Senators Matsuura, Yamasaki and Ikeda.

SCRep. 2896 Housing, Hawaiian Programs and Natural Resources on S.C.R. No. 41

The purpose of this concurrent resolution is to request the Department of Hawaiian Home Lands (DHHL) to conduct a study to determine the feasibility of developing and providing rental housing.

Traditionally, the DHHL has provided single family residential lots by way of homestead leases. The demand for these residential homestead leases is high in comparison to other permitted leasehold uses. As of May 1983, approximately 7,900 eligible native Hawaiians were on the waiting list for homestead awards, some who had been waiting for over thirty years.

Your Committee agrees with the testimony provided by the DHHL, stating that an alternate method needs to be explored to address the spectrum of housing needs of native Hawaiians, and that the development of rental housing programs would provide additional methods by which entitlements could be distributed to native Hawaiians. Some beneficiaries do not possess the financial capability to assume payments on loans for home construction on their homestead lots. Others, particularly the elderly, may not desire the responsibility of home ownership and maintenance.

Through the development of the rental units, the DHHL would be able to place more native Hawaiians on its land base at a reduced cost, with better utilization of the limited lands available for development, and access to other forms of financing.

The proposed study would further DHHL's implementation of the Hawaiian Homes Commission Act, as amended in Act 27, Session Laws of Hawaii, 1984, which provides the authorization to develop and construct multi-family units to house native Hawaiians.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of S.C.R. No. 41 and recommends its adoption.

Signed by all members of the Committee except Senators Matsuura, Yamasaki and A. Kobayashi.

SCRep. 2897 Government Operations on S.C.R. No. 66

The purpose of this concurrent resolution is to request that the State provide land to the City and County of Honolulu for storing abandoned vehicles.

Your Committee received testimony in support of this concurrent resolution from the Department of Transportation and the City and County of Honolulu. Your Committee also reviewed the recently published task force report entitled: A Report To The Hawaii State Legislature: The Problem of Derelict And Abandoned Vehicles on Oahu (the Report).

The Report noted weakness in the health and vitality of the recycling industry, which could lead to a breakdown in the current recycling system. Consequently, the Report recommended that the Department of Business and Economic Development, in conjunction with the City and County, study the impact of a hypothetical closure of Hawaiian Western Steel (which has experienced reduced demand and intensified competition from Asian and mainland steel mills) Flynn-Learner (which exports crushed and flattened cars) and/or Honolulu Recycling (which sells shredded cars) on the City and County's ability to effectively dispose of abandoned and derelict vehicles. The task force report further recommended that the study address the degree of regulatory relief, tax advantages and financial assistance the State and county would be willing to extend to ensure the long term viability of the car recycling industry.

Your Committee concurs with the Report's proposal for a study of the scrap and steel recycling industry and of methods for stabilizing the industry and has so amended the concurrent resolution. The title of the concurrent resolution has been amended to reflect the new contents.

Your Committee on Government Operations 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 Cobb.

SCRep. 2898 Labor and Employment on S.C.R. No. 213

The purpose of this concurrent resolution is to approve the report submitted by the personnel directors of the State, the Judiciary, and the counties, including the report published by the Public Employees Compensation Appeals Board (PECAB).

Sections 77-4 and 77-5, Hawaii Revised Statutes, require all personnel directors of the State, the Judiciary, and the counties to meet in joint conference each odd-numbered year to review the general condition of the compensation plan for civil service employees and to compile their views and recommendations for submission to the PECAB. The report, published by the PECAB, reflects findings and recommendations of the conference relating to repricing adjustments for the blue collar and white collar compensation plans.

Your Committee, after reviewing the report and receiving testimony in favor of this concurrent resolution, believe that the report supports the concept of equal pay for equal work.

Your Committee on Labor and Employment concurs with the intent and purpose of S.C.R. No. 213, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2899 Labor and Employment on S.C.R. No. 56

The purpose of this concurrent resolution is to request a study on the feasibility of providing long-term care insurance coverage through the Public Employees Health Fund.

The financing of long-term care is a major social issue because of its tremendous impact on Hawaii's medicaid budget. Group coverage protects more employees while spreading the costs over a large number of individuals. It is conceivable that the Hawaii Public Employees Health Fund, which services nearly 54,000 enrollees, could obtain reasonably priced long-term care insurance. Therefore, it is requested that a study be conducted on the feasibility of the Public Employees Health Fund obtaining such long-term care insurance.

Your Committee received supporting testimony from the Executive Office on Aging, the Hawaii Public Employees Health Fund, and the Coalition of State-Counties Retirees and finds that the issue of financing long-term care is significant. The State is committed to the development of a financing strategy which will reasonably and equitably allow for the financial coverage of the long-term care needs of our citizens.

Your Committee on Labor and Employment concurs with the intent and purpose of S.C.R. No. 56 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2900 Labor and Employment on S.R. No. 68

The purpose of this resolution is to request a study on the feasibility of providing long-term care insurance coverage through the Public Employees Health Fund.

The financing of long-term care is a major social issue because of its tremendous impact on Hawaii's medicaid budget. Group coverage protects more employees while spreading the costs over a large number of individuals. It is conceivable that the Hawaii Public Employees Health Fund, which services nearly 54,000 enrollees, could obtain reasonably priced long-term care insurance. Therefore, it is requested that a study be conducted on the feasibility of the Public Employees Health Fund obtaining such long-term care insurance.

Your Committee received supporting testimony from the Executive Office on Aging, the Hawaii Public Employees Health Fund, and the Coalition of State-Counties Retirees and finds that the issue of financing long-term care is significant. The State is committed to the development of a financing strategy which will reasonably and equitably allow for the financial coverage of the long-term care needs of our citizens.

Your Committee on Labor and Employment concurs with the intent and purpose of S.R. No. 68 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2901 (Joint) Labor and Employment and Human Services on S.R. No. 174

The purpose of this resolution is to request the Department of Personnel Services to identify options for expediting the establishment and filling of vacant positions in the Department of Human Services. The Department of Personnel Services would report to the Legislature and provide recommendations as to whether options currently available to other state agencies should be made available to the entire Department of Human Services.

Many of the programs within the Department of Human Services are critical to the health and well-being of their clientele, and thus it is imperative that such programs be able to establish and fill essential positions. Currently the Department is having difficulty in filling income maintenance worker, social worker, data processing analyst, and other types of civil service positions on general and locational bases. This resolution would focus on the propriety of enabling the Department of Human Services to expedite necessary personnel actions in the manner now available to other state agencies such as the Department of Hawaiian Home Lands and the Hawaii Housing Authority.

Your Committees received supporting testimony from the Director of Human Services and find that, in light of the continuing staffing problems, it is appropriate to study and develop methods by which the Department of Human Services may obtain the personnel necessary to carry out its public mandate.

Your Committees on Labor and Employment and Human Services concur with the intent and purpose of S.R. No. 174 and recommend its adoption.

Signed by all members of the Committees.

SCRep. 2902 (Joint) Labor and Employment and Human Services on S.C.R. No. 170

The purpose of this concurrent resolution is to request the Department of Personnel Services to identify options for expediting the establishment and filling of vacant positions in the Department of Human Services. The Department of Personnel Services would report to the Legislature and provide recommendations as to whether options currently available to other state agencies should be made available to the entire Department of Human Services.

Many of the programs within the Department of Human Services are critical to the health and well-being of their clientele, and thus it is imperative that such programs be able to establish and fill essential positions. Currently the Department is having difficulty in filling income maintenance worker, social worker, data processing analyst, and other types of civil service positions on general and locational bases. This concurrent resolution would focus on the propriety of enabling the Department of Human Services to expedite necessary personnel actions in the manner now available to other state agencies such as the Department of Hawaiian Home Lands and the Hawaii Housing Authority.

Your Committees received supporting testimony from the Director of Human Services and find that, in light of the continuing staffing problems, it is appropriate to study and develop methods by which the Department of Human Services may obtain the personnel necessary to carry out its public mandate.

Your Committees on Labor and Employment and Human Services concur with the intent and purpose of S.C.R. No. 170, and recommend its adoption.

Signed by all members of the Committees.

SCRep. 2903 Culture, Arts and Historic Preservation on S.R. No. 194

The purpose of this resolution is to request a status report from the Department of Land and Natural Resources (DLNR) concerning the development of the Diamond Head Crater State Park.

It was more than a decade ago that the Hawaii State Legislature adopted House Concurrent Resolution No. 47, H.D. 1, entitled "RECOMMENDING IMMEDIATE IMPLEMENTATION OF DIAMOND HEAD CRATER STATE PARK." Plans for the Diamond Head State Monument Park included all state lands within the Crater, as well as its exterior slopes.

The DLNR accepted the "Diamond Head State Monument Planning Report" at its meeting in 1979, authorizing implementation of the recommendations contained in the report, including action to proceed with land acquisition for, and design and development of the Monument. At that time, the Final Conceptual Plan was adopted which called for a ten-year time frame commencing in 1979.

According to testimony provided by the DLNR, the department has taken the following actions to implement the establishment of the Diamond Head Crater State Park:

- (1) Secured the return of two federal parcels of land;
- (2) Expended over \$400,000 for trail improvements, a lookout, tunnel reconstruction, a comfort station, parking for 42 vehicles, drainage improvements, landscaping of one-and-a-half acres around the comfort station, and demolished eleven abandoned buildings along Diamond Head Road;
- (3) Planted thousands of tree seedlings with volunteer assistance to reforest the crater floor;
- (4) Begun working with the University of Hawaii on the landscaping of the north side of Diamond Head Road;
- (5) Conducted a metes and bounds survey to delineate the new boundaries for each agency at Diamond Head; and
- (6) Designed and scheduled for construction, new trail improvements, walkways, a new park entry road and utility improvements.

Upon consideration of the testimony, your Committee has amended this resolution by making changes to the title and body of the resolution to delete language which may be interpreted to imply that no actions have been taken to implement the park. However, your Committee continues to be concerned with the pace of implementation and urges the DLNR to expend its best efforts to assure timely action.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of S.R. No. 194, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 194, S.D. 1.

Signed by all members of the Committee except Senators Yamasaki and Reed.

SCRep. 2904 Culture, Arts and Historic Preservation on S.C.R. No. 189

The purpose of this concurrent resolution is to request a status report from the Department of Land and Natural Resources (DLNR) concerning the development of the Diamond Head Crater State Park.

It was more than a decade ago that the Hawaii State Legislature adopted House Concurrent Resolution No. 47, H.D. 1, entitled "RECOMMENDING IMMEDIATE IMPLEMENTATION OF DIAMOND HEAD CRATER STATE PARK." Plans for the Diamond Head State Monument Park included all state lands within the Crater, as well as its exterior slopes.

The DLNR accepted the "Diamond Head State Monument Planning Report" at its meeting in 1979, authorizing implementation of the recommendations contained in the report, including action to proceed with land acquisition for, and design and development of the Monument. At that time, the Final Conceptual Plan was adopted which called for a ten-year time frame commencing in 1979.

According to testimony provided by the DLNR, the department has taken the following actions to implement the establishment of the Diamond Head Crater State Park:

- (1) Secured the return of two federal parcels of land;
- (2) Expended over \$400,000 for trail improvements, a lookout, tunnel reconstruction, a comfort station, parking for 42 vehicles, drainage improvements, landscaping of one-and-a-half acres around the comfort station, and demolished eleven abandoned buildings along Diamond Head Road;
- (3) Planted thousands of tree seedlings with volunteer assistance to reforest the crater floor;
- (4) Begun working with the University of Hawaii on the landscaping of the north side of Diamond Head Road;
- (5) Conducted a metes and bounds survey to delineate the new boundaries for each agency at Diamond Head; and
- (6) Designed and scheduled for construction, new trail improvements, walkways, a new park entry road and utility improvements.

Upon consideration of the testimony, your Committee has amended this concurrent resolution by making changes to the title and body of the concurrent resolution to delete language which may be interpreted to imply that no actions have been taken to implement the park. However, your Committee continues to be concerned with the pace of implementation and urges the DLNR to expend its best efforts to assure timely action.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of S.C.R. No. 189, as amended herein, and recommends its adoption in the form attached hereto as S.C.R. No. 189, S.D. 1.

Signed by all members of the Committee except Senators Yamasaki and Reed.

SCRep. 2905 Ways and Means on H.B. No. 2448

The purpose of this bill is to provide health insurance benefits to certain legislative employees.

This bill amends the definition of "employee" in section 87-1, Hawaii Revised Statutes, by including persons who are employed at the legislature for at least three months and whose employment is at least one-half of a full-time equivalent position, and by deleting the clause which excludes an employee of the legislature, other than a member of the permanent staff, from health insurance eligibility.

Currently, employees of the legislature are excluded from receiving health insurance coverage under the public employees health fund. During the legislative session and the interim weeks, many of these employees must work long hours under obvious stress, yet they have no access to group health insurance coverage. This stress alone puts them at higher risks for illness and accidents especially since the legislature offers no sick leave and salaries do not adequately provide for extra medical expenses which can amount to financial hardship.

Your Committee agrees with the Committee on Labor and Employment that this legislation is a needed step in assuring equal access to health care for legislative employees.

Your Committee on Ways and Means is in accord with the intent and purpose of H.B. No. 2448, H.D. 2, and recommends that it pass Third Reading.

Signed by all members of the Committee.

SCRep. 2906 (Joint) Housing, Hawaiian Programs and Natural Resources and Government Operations on S.C.R. No. 204

The purpose of this concurrent resolution is to request Hawaii's Congressional Delegation to take all reasonable steps to ensure that the Hawaiian language is accorded the status of a native American language.

The Constitution of the State of Hawaii recognizes Hawaiian as one of two official state languages, and under various programs of the federal government the Hawaiian people have been recognized as native Americans. Therefore, it is appropriate that Hawaiian be officially recognized as a native American language so that Hawaii may receive appropriate benefits pursuant to certain federal regulations and programs.

Upon consideration of testimony, your Committees have amended this concurrent resolution by indicating that:

- (1) The Native Hawaiian Education Act provides support for gifted and talented programs involving the Hawaiian language;
- (2) Native American languages receive special status in federal legislation relating to bilingual education; and
- (3) Classification of the Hawaiian language as a foreign language would exclude it from the type of positive support that Native American languages receive.

Your Committees have further amended this concurrent resolution to further encourage the inclusion of the Hawaiian language as a native American language and urge Hawaii's Congressional Delegation to support legislation distinguishing native American languages from foreign languages.

Your Committees on Housing, Hawaiian Programs and Natural Resources and Government Operations concur with the intent and purpose of S.C.R. No. 204, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 204, S.D. 1.

Signed by all members of the Committees except Senators Young and Hagino.

SCRep. 2907 (Joint) Housing, Hawaiian Programs and Natural Resources and Government Operations on S.R. No. 199

The purpose of this resolution is to request Hawaii's Congressional Delegation to take all reasonable steps to ensure that the Hawaiian language is accorded the status of a native American language.

The Constitution of the State of Hawaii recognizes Hawaiian as one of two official state languages, and under various programs of the federal government the Hawaiian people have been recognized as native Americans. Therefore, it is appropriate that Hawaiian be officially recognized as a native American language so that Hawaii may receive appropriate benefits pursuant to certain federal regulations and programs.

Upon consideration of testimony, your Committees have amended this resolution by indicating that:

- (1) The Native Hawaiian Education Act provides support for gifted and talented programs involving the Hawaiian language;
- (2) Native American languages receive special status in federal legislation relating to bilingual education; and
- (3) Classification of the Hawaiian language as a foreign language would exclude it from the type of positive support that Native American languages receive.

Your Committees have further amended this resolution to further encourage the inclusion of the Hawaiian language as a native American language and urge Hawaii's Congressional Delegation to support legislation distinguishing native American languages from foreign languages.

Your Committees on Housing, Hawaiian Programs and Natural Resources and Government Operations concur with the intent and purpose of S.R. No. 199, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 199, S.D. 1.

Signed by all members of the Committees except Senators Young and Hagino.

SCRep. 2908 (Joint) Tourism and Recreation and Housing, Hawaiian Programs and Natural Resources on S.C.R. No.197

The purpose of this concurrent resolution, as received, is to authorize the department of transportation to lease and provide for the reclamation and development by a private developer of the fast, tidal, and submerged lands at Ke'ehi Lagoon for commercial, recreational, and light industrial purposes.

Your Committees have amended the concurrent resolution by:

- (1) Amending the title to include "educational" and "research" as permissible purposes for the development of fast, tidal, and submerged lands at Ke'ehi Lagoon;
- (2) Deleting the first paragraph on page 2 relating to lease by public auction of property at Ke'ehi Lagoon;
- (3) Adding references to sections 171-59 and 171-60, Hawaii Revised Statutes, in order to provide a complete reference to statutory authority for the lease of fast, submerged, and tidal lands by the Department of Transportation;
- (4) Expanding the permitted purposes for the leasing of the 300 plus acres at Ke'ehi Lagoon by requiring that:
 - (A) Not less than fifty per cent of the 300 plus acres be used for recreation, ocean-related recreation, parks, open space, ocean research and related activities, and educational purposes including training for marine-related employment opportunities; and
 - (B) The remaining acreage be used for commercial and light industrial purposes; and
- (5) Making technical, nonsubstantive changes for the purpose of style.

Your Committees believe that the concurrent resolution, as amended, will provide the community with much needed recreational, educational, research, commercial, and light industrial facilities and activities. Further, your Committees find that the use of private sector resources in the development of recreational, commercial, and light industrial facilities at Ke'ehi Lagoon is a positive step in fostering public/private partnerships to house and provide necessary services and activities for public enjoyment and use.

Your Committees on Tourism and Recreation, Housing, Hawaiian Programs and Natural Resources, and Transportation concur with the intent and purpose of S.C.R. No. 197, as amended herein, and recommend its adoption in the form attached hereto as S.C.R. No. 197, S.D. 1.

Signed by all members of the Committees except Senators Hagino, B. Kobayashi, Menor, Nakasato, Young, Herkes, Ikeda and Reed.

SCRep. 2909 Higher Education on S.R. No. 148

The purpose of this Resolution is to request the Legislative Auditor to study the impact of the recent reorganization of the College of Arts and Sciences at the University of Hawaii, Manoa.

Reorganization was officially implemented on October 27, 1986 to enhance programmatic development in groups of allied disciplines and to make the College more responsive to undergraduate and graduate education. However, your Committee finds that while enrollment in the College has remained consistent over the past decade, funding allocations have decreased. Your Committee also finds that the University's Agendas for Action I and II call for augmentation of support for Arts and Sciences. Since there is an apparent disparity between the reorganization, the fiscal needs of the College, and the University's Agendas, this study is appropriate.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 148 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 2910 Higher Education on S.R. No. 171

The purpose of this resolution is to request a study on the feasibility of establishing a Space Academy and Space Education System in Hawaii.

Ever since astronaut Ellison Onizuka climbed into a spaceship and into the hearts of America, Hawaii has taken a special interest in space and the study of space. Although it has been quite some time since Onizuka's tragic death, the State's interest in space has grown steadily.

This resolution addresses this interest by providing a means to channel this interest constructively into objectives that will ultimately benefit our State and those who attend the Academy. The study requested by this resolution will provide the Legislature with the necessary information to render an informed and responsible decision concerning the Academy.

Your Committee on Higher Education concurs with the intent and purpose of S.R. No. 171 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2911 (Joint) Corrections and Judiciary on S.R. No. 79

The purpose of this resolution is to request a study on the organizational placement of the Office of the Sheriff.

The Office of the Sheriff was transferred from the Department of the Attorney General to the Judiciary in 1975, at which time the Office was charged with the functions of service of process, execution of court orders and performance of such other functions as directed by the Chief Justice. Eventually, the Judiciary added the service of traffic bench warrants, transportation of prisoners, and courthouse security as part of the major functions of the Office of the Sheriff and the Office rapidly increased in size.

In 1985, following allegations of inappropriate expansion into law enforcement functions and improper conduct in the operations of the Office, a citizens' panel reviewed the operations of the Office of the Sheriff. After its investigations, the citizens' panel recommended several organizational changes in the Office of the Sheriff and also recommended the eventual transfer of the Office to the Executive Branch with only the courtroom bailiff function remaining in the Judiciary.

The Legislature is divided as to where the Office should be located and this resolution would help to resolve differences of opinion by providing for a neutral party to conduct a study upon which a decision can be made as to the proper placement of the Office of the Sheriff.

Your Committees on Corrections and Judiciary concur with the intent and purpose of S.R. No. 79 and recommend that it be referred to the Committee on Legislative Management.

Signed by all members of the Committees.

SCRep. 2912 Consumer Protection and Commerce on H.B. No. 2527

The purpose of this bill is to strengthen the automobile "Lemon Law" regarding defects, their disclosures, and warranties.

The current automobile "Lemon Law" provides procedures under which a buyer of a new automobile can enforce express warranties applicable to the automobile. The remedies available to the purchaser include a refund or replacement of the automobile.

This bill further strengthens the Lemon Law by expanding the scope of protection under section 490:2-313.1, Hawaii Revised Statutes, to include subsequent buyers and lessees of those automobiles which had been returned previously to the automobile dealer or manufacturer because of defective conditions. The bill requires that the dealer or manufacturer:

- (1) Conspicuously disclose to the subsequent buyer or lessee the nature of the defect experienced by the original buyer;
- (2) Correct the defect; and
- (3) Warrant, in writing, that if the defect reappears within one year, it will be corrected at the dealer's expense.

Your Committee received supporting testimony from the Department of Commerce and Consumer Affairs and finds that the bill will afford the same protections and remedies of the Lemon Law to subsequent buyers and lessees as those currently provided to original buyers.

Your Committee on Consumer Protection and Commerce is in accord with the intent and purpose of H.B. No. 2527, 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. 2913 Government Operations on S.R. No. 64

The purpose of this resolution is to request that the State provide land to the City and County of Honolulu for storing abandoned vehicles.

Your Committee received testimony in support of this resolution from the Department of Transportation and the City and County of Honolulu. Your Committee also reviewed the recently published task force report entitled: A Report To The Hawaii State Legislature: The Problem of Derelict And Abandoned Vehicles on Oahu (the Report).

The Report noted weakness in the health and vitality of the recycling industry, which could lead to a breakdown in the current recycling system. Consequently, the Report recommended that the Department of Business and Economic Development, in conjunction with the City and County, study the impact of a hypothetical closure of Hawaiian Western Steel (which has experienced reduced demand and intensified competition from Asian and mainland steel mills) Flynn-Learner (which exports crushed and flattened cars) and/or Honolulu Recycling (which sells shredded cars) on the City and County's ability to effectively dispose of abandoned and derelict vehicles. The task force report further recommended that the study address the degree of regulatory relief, tax advantages and financial assistance the State and county would be willing to extend to ensure the long term viability of the car recycling industry.

Your Committee concurs with the Report's proposal for a study of the scrap and steel recycling industry and of methods for stabilizing the industry and has so amended the resolution. The title of the resolution has been amended to reflect the new contents.

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 64, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 64, S.D. 1.

Signed by all members of the Committee.

SCRep. 2914 Government Operations on S.R. No. 121

The purpose of this resolution is to urge Congress to codify the "fairness doctrine" as part of our federal communications laws.

Since 1949, the "fairness doctrine" has existed as a federal regulation administered by the Federal Communications Commission. Enforcement is, to a degree, dependent on the commitment of appointees who reflect the philosophies of transitory administrations. The equitable and democratic principles embodied in the "fairness doctrine" warrant continuous and diligent enforcement, which can best be achieved by codification.

Your Committee heard testimony in support of this resolution from The Broadcast Taskforce of the Hawaii Council of Churches.

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 121 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2915 Culture, Arts and Historic Preservation on Gov. Msg. No. 300

Recommending that the Senate advise and consent to the nominations of MASARU YOKOUCHI, ROWENA K. KEAKA and RICARDO D. TRIMILLOS, Ph.D., to the State Foundation on Culture and the Arts, for terms ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2916 Culture, Arts and Historic Preservation on Gov. Msg. No. 278

Recommending that the Senate advise and consent to the nominations to the King Kamehameha Celebration Commission of the following:

ANNE K. KAAPANA, TOMI DOWNEY CHONG and J. KAHEA BECKLEY, for terms ending June 30, 1992,
SHIRLEY K. FUNG, FREDERICK K. CHANG and JOYCE P. MAH, for terms ending June 30, 1991, and
JEAN AMORIN, for a term ending June 30, 1990.

Signed by all members of the Committee.

SCRep. 2917 Education on Gov. Msg. Nos. 250, 251, 252 and 253

Recommending that the Senate advise and consent to the nominations of the following:

GALEN K. ONOUE to the Library Advisory Commission, City and County of Honolulu, for a term ending June 30, 1989;

JAMES H. KOSHI, Ph.D., VERONICA L. K. MEDEIROS, and KAY K. NAGAISHI to the Library Advisory Commission, City and County of Honolulu, for terms ending June 30, 1992;

NANCY L. FUSHIKOSHI to the Library Advisory Commission, County of Hawaii, for a term ending June 30, 1990;

LYNN CARTER to the Library Advisory Commission, County of Hawaii, for a term ending June 30, 1991;

ELAINE K. HAUANIO, BEATRICE L. LAU, HELEN K. TAYAMEN, and KAREN Y. WAKATA to the Library Advisory Commission, County of Hawaii, for terms ending June 30, 1992;

LILAH L. CABELLERO, KATHARINE T. CANNON EGER, SHELDEEN M. TAKEO, and SANDRA M. WADA to the Library Advisory Commission, County of Maui, for terms ending June 30, 1992;

PEGGY T. CHA and JUANITA O. RELACION to the Library Advisory Commission, County of Kauai, for terms ending June 30, 1990; and

SADIE S. DOI, CATHERINE LO, and MICHAEL MACHADO to the Library Advisory Commission, County of Kauai, for terms ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2918 (Joint) Tourism and Recreation, Housing, Hawaiian Programs and Natural Resources, and Transportation on H.C.R. No. 386

The purpose of this concurrent resolution, as received, is to authorize the department of transportation to lease and provide for the reclamation and development by a private developer of the fast, tidal, and submerged lands at Ke'ehi Lagoon for commercial, recreational, and light industrial purposes.

This concurrent resolution has been proposed by the state administration because the reclamation and development of the 300 plus acres of submerged and tidal lands in the central triangular section of Ke'ehi Lagoon (bordered by and including the former seaplane runways, lying between Honolulu International Airport and Sand Island), is necessary for the development of Ke'ehi Lagoon.

Your Committees have amended the concurrent resolution by:

- (1) Amending the title to include "educational" and "research" as permissible purposes for the development of certain fast, tidal, and submerged lands at Ke'ehi Lagoon;
- (2) Adding to the fifth "Whereas" paragraph item 5 relating to educational activities as a development objective for Ke'ehi Lagoon;
- (3) Adding a new "Whereas" paragraph on page 2 relating to marine sciences and ocean resources as academic thrusts for all University of Hawaii campuses;
- (4) Adding "adequate landscaping/open space; specific design criteria for facilities; public access" for inclusion in lease specifications and space allocations for the lease of submerged and tidal lands within the triangle area comprising the 300 plus acres at Ke'ehi Lagoon;
- (5) Attaching the "Location Map" for the proposed reclamation and lease development at Ke'ehi Lagoon (the map was attached to the concurrent resolution in its original form); and
- (6) Making technical, nonsubstantive changes for purposes of style, clarity, and consistency.

Your Committees believe that the concurrent resolution, as amended, will provide the community with much needed recreational, educational, research, commercial, and light industrial facilities and activities. Further, your Committees find that the use of private sector resources in the development of recreational, commercial, and light industrial facilities at Ke'ehi Lagoon is a positive step in fostering public/private partnerships to house and provide necessary services and activities for public enjoyment and use.

Your Committees on Tourism and Recreation, Housing, Hawaiian Programs and Natural Resources, and Transportation concur with the intent and purpose of H.C.R. No. 386, H.D. 1, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 386, H.D. 1, S.D. 1.

Signed by all members of the Committees except Senators Cobb and Nakasato.

SCRep. 2919 Tourism and Recreation on S.R. No. 69

The purpose of this Resolution is to strongly urge all airlines bringing visitors to Hawaii from Eastern ports of departure to distribute to their passengers Hawaii Visitor Bureau questionnaires similar to those distributed to westbound visitors. The Bureau is requested to provide the questionnaires and do whatever else is necessary and feasible to enable and implement this method of gathering information on Hawaii's Eastern visitors.

Currently, questionnaires are distributed to westbound visitors along with Department of Agriculture declaration forms. In previous years, eastbound carriers also provided this service and the Hawaii Visitors Bureau was able to develop significant data regarding visitors from Japan. However, this practice has been discontinued due to administrative changes among the Japanese carriers, and now only United Airlines provides this service, on flights from Japan.

Your Committee received supporting testimony from the Department of Transportation and finds that eastbound passenger surveys are needed to give an accurate picture of Hawaii's visitors, not only from Japan but from Australia, New Zealand, and all of the Pacific Rim ports of departure. Such information will enable the Hawaii Visitors Bureau, the Department of Transportation, and the visitor industry in general to better plan for and accommodate Hawaii's visitors.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.R. No. 69 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2920 Tourism and Recreation on S.R. No. 240

The purpose of this resolution is to request the Department of Land and Natural Resources, in consultation with the Kahana Advisory Council, to develop a master plan which fully expresses the concept of the Kahana Valley Cultural Living Park.

Development of the "living park" is a pioneering project in Hawaii and elsewhere and in developing Park plans and policies it is necessary to accommodate the needs of residents and the general public for whom the Park was originally acquired.

Your Committee received supporting testimony from the Department of Land and Natural Resources and the Kahana Advisory Council and finds that policies are currently being developed based upon input from the Council. This resolution will serve to provide the Department and the Council with legislative input relative to the development of the proposed policies.

Your Committee on Tourism and Recreation concurs with the intent and purpose of S.R. No. 240 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2921 Corrections on Gov. Msg. No. 277

Recommending that the Senate advise and consent to the nomination of GEORGINA M. YUEN to the Hawaii Paroling Authority, for a term ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2922 Corrections on Gov. Msg. No. 98

Recommending that the Senate advise and consent to the nomination of HAROLD J. FALK JR. as Director of Corrections, for a term ending December 3, 1990.

Signed by all members of the Committee

SCRep. 2923 Human Services on H.C.R. No. 168

The purpose of this concurrent resolution is to request the Legislative Auditor to conduct a child protective services study focusing principally on social workers, specifically, issues relating to caseload levels, recruitment and retention, and personal liability, as well as the demands of current law upon protective service agencies.

Your Committee received testimony in support of this concurrent resolution from the Department of Human Services, the Office of Children and Youth, the Hawaii Government Employees Association, and a representative group of social workers and aides from the Department of Human Services child protective services unit. Testimony indicated that conditions external and internal to the Department of Human Services contribute to high caseloads resulting in frustration for child protective services social workers and high turnover. There was a strong, unified expression for the need of the study requested by this concurrent resolution intended to develop solutions to the problem.

Your Committee on Human Services concurs with the intent and purpose of S.C.R. No. 168, H.D. 1, and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 2924 Military and Civil Defense on S.R. No. 39

The purpose of this resolution is to urge the Secretary of the Navy to select Pearl Harbor, Hawaii as the homeport for the USS Missouri and its associated ships.

This resolution also requests designated state departments to work closely with the Military Affairs Council to enhance the quality of life for military personnel and their families; requests designated state departments to determine the amount of housing and land needed; requests designated state departments to work with the Military Affairs Council to accommodate the enrollment of school-aged dependents of military and civilian personnel associated with the USS Missouri; and requests that reports on the housing, education and on overall activities be submitted to the Legislature twenty days before the convening of the Regular Session of 1989.

In 1985 the U.S. Navy sought to find a homeport for the Battleship USS Missouri and nine associated ships. The State government, the military, the business community, labor groups, many private organizations and the people of Hawaii stood united to welcome the USS Missouri to Pearl Harbor. However, the final decision on basing the USS Missouri resulted in the selection of Hunter's Point in San Francisco.

Your Committee finds that since then, the current mayor and other city officials of San Francisco have voiced their opposition to the homeporting of the USS Missouri in San Francisco. Therefore, this concurrent resolution seeks to convey to the U.S. Navy that the State of Hawaii continues to support the basing of the USS Missouri at Pearl Harbor, and that the State is willing to undertake various tasks to accommodate this request.

Your Committee has amended the resolution by clarifying that the state departments and the Military Affairs Council are to work closely to enhance military life and to accommodate the school-age dependents of military and civilian personnel associated with the USS Missouri; deleting reference to the overall activities report by the Military Affairs Council; and making other technical changes for clarification.

Your Committee on Military and Civil Defense concurs with the intent and purpose of S.R. No. 39, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 39, S.D. 1.

Signed by all members of the Committee.

SCRep. 2925 Legislative Management on S.R. No. 155

The purpose of this Resolution is to have the Legislature present a lei or other floral offering to the statue of Queen Liliuokalani at the State Capitol on the opening day of each regular legislative session.

Your Committee finds that Queen Liliuokalani contributed richly to the people and the culture of Hawaii by her charitable acts, her care for her subjects, and her music and poetry. The State of Hawaii should acknowledge these contributions by honoring her with the traditional bestowing of floral offerings.

Your Committee on Legislative Management concurs with the intent and purpose of S.R. No. 155 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2926 Public Utilities on Gov. Msg. No. 288

Recommending that the Senate advise and consent to the nomination of YUKIO NAITO to the Public Utilities Commission, for a term ending June 30, 1994.

Signed by all members of the Committee.

SCRep. 2927 Ways and Means on Gov. Msg. No. 290

Recommending that the Senate advise and consent to the nomination of CRAIG K. HIRAI to the Board of Taxation Review, First Taxation District (Oahu), for a term ending June 30, 1989.

Signed by all members of the Committee.

SCRep. 2928 Ways and Means on Gov. Msg. No. 291

Recommending that the Senate advise and consent to the nomination of GERALD N. HIYAKUMOTO to the Board of Taxation Review, Second Taxation District (Maui), for a term ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 2929 Ways and Means on Gov. Msg. No. 307

Recommending that the Senate advise and consent to the nominations of RICHARD JAMES DAHL, MARK N. HENRY, JOAN LEE HUSTED, ADDIE L. LAMBERTH, JOHN R. MARKS, RANDALL W. ROTH AND ALAN M.L. YEE to the Tax Review Commission, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 2930 Human Services on Gov. Msg. No. 160

Recommending that the Senate advise and consent to the nominations of BEVERLY A. AOTAKI and VIVIAN M. WILSON to the Board of Social Services, for terms ending June 30, 1992.

Signed by all members of the Committee except Senator Hee.

SCRep. 2931 Higher Education on Gov. Msg. No. 301

Recommending that the Senate advise and consent to the nominations of ROBIN K. CAMPANIANO and DENNIS R. YAMADA to the Board of Regents, University of Hawaii, for terms ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2932 Transportation on Gov. Msg. Nos. 210 and 289

Recommending that the Senate advise and consent to the nominations of the following:

H. H. CHUN, M.D., and ALLAN R. KUNIMOTO, M.D., to the Medical Advisory Board, for terms ending June 30, 1992; and

BINA M. CHUN, JIM DEMPSEY and GEORGE K. SANO to the Commission on Transportation, for terms ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2933 Agriculture, Energy and Ocean Resources on Gov. Msg. Nos. 239 and 240

Recommending that the Senate advise and consent to the nominations of the following:

JOHN V. DUEY to the Advisory Committee on Flowers and Foliage, for a term ending June 30, 1990; and

JAMES PHILIP BARR, STEPHANIE A. WHALEN and LYLE WONG, Ph.D., to the Advisory Committee on Pesticides, for terms ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2934 Consumer Protection and Commerce on Gov. Msg. Nos. 102, 103, 104 105, 150, 151, 152, 153, 154, 155, 156, 157 and 173

Recommending that the Senate advise and consent to the nominations of the following:

WILLIAM MALIK COTTER to the Board of Acupuncture, for a term ending June 30, 1989;

WALLACE M. TACHIBANA to the Board of Massage, for a term ending June 30, 1991;

ALBERT H. M. CHANG, O.D., and ROGER CHRISTIAN EDE, O.D., to the Board of Examiners in Optometry, for terms ending June 30, 1991;

H. ROBERT PATTERSON to the Board of Pharmacy, for a term ending June 30, 1988;

LLOYD Y. KIMURA to the Board of Public Accountancy, for a term ending June 30, 1992;

HARVEY T. SATO, D.C., to the Board of Chiropractic Examiners, for a term ending June 30, 1992;

JOAN L. HALE to the Board of Cosmetology, for a term ending June 30, 1992;

MILTON M. FUJIUCHI, D.D.S., and JOHN E. KNIGHT, D.D.S., to the Board of Dental Examiners, for terms ending June 30, 1992;

JUDITH A. MASON and HOWARD K. TAMASHIRO, to the Board of Hearing Aid Dealers and Fitters, for terms ending June 30, 1992;

BERNICE E. COLEMAN, M.D., to the Board of Medical Examiners, for a term ending June 30, 1992;

MICHAEL L. TRAUB, N.D., to the Board of Examiners in Naturopathy, for a term ending June 30, 1992;

ROGER M. KONDO, D.V.M., to the Board of Veterinary Examiners, for a term ending June 30, 1992; and

WILL E. MIYAKE and ROY T. OZAKI, to the Motor Vehicle Repair Industry Board, for terms ending June 30, 1992.

Signed by all members of the Committee except Senators Chang and Tungpalan.

SCRep. 2935 Consumer Protection and Commerce on Gov. Msg. Nos. 174, 175, 204, 205, 217, 218, 219, 242 and 243

Recommending that the Senate advise and consent to the nominations of the following:

EDWARD H. TENGAN to the Board of Dispensing Opticians, for a term ending June 30, 1992;

GUY NISHIZAWA, O.D., to the Board of Examiners in Optometry, for a term ending June 30, 1992;

PAUL W. CONDRY to the Board of Acupuncture, for a term ending June 30, 1990;

R. SEAN MCLAUGHLIN to the CATV Advisory Committee, for a term ending June 30, 1992;

ELITHE KAHN and MARION F. OKI to the Board of Barbers, for terms ending June 30, 1992;

PATTI S. MAGARIFUJI, Ph.D., to the Board of Psychology, for a term ending June 30, 1991;

THOMAS S. MERRILL, Ph.D., gubernatorial nominee to the Board of Psychology, for a term ending June 30, 1992;

CLAUDE Y. HEBARU and EDWARD A. TANAKA, SR., to the Pest Control Board, for terms ending June 30, 1992;

ABEL AIONA to the Boxing Commission, for a term ending June 30, 1991;

BIENVENIDO C. VILLAFLORES to the Boxing Commission, for a term ending June 30, 1992;

HYUNG KWON CHA, EDWIN K. NAKAYA and MARIE WUNSCH, Ph.D., to the Consumer Advisory Council, for terms ending June 30, 1992.

Signed by all members of the Committee except Senator Chang.

SCRep. 2936 Consumer Protection and Commerce on Gov. Msg. Nos. 244, 245, 246, 247, 248 and 249

Recommending that the Senate advise and consent to the nominations of the following:

RODNEY K. KAWAMURA, EDWIN H. NAKANO, THOMAS P. PAPANDREW and DOUGLAS K. SONODA to the Board of Registration of Professional Engineers, Architects, Land Surveyors and Landscape Architects, for terms ending June 30, 1992;

RICHARD W. OFF to the Board of Massage, for a term ending June 30, 1990;

STEPHANIE BATH to the Board of Massage, for a term ending June 30, 1992;

ROBERT K. OHIGASHI to the Motor Vehicle Industry Licensing Board, for a term ending June 30, 1989;

WILLIAM NEIL RAPOZO and GARY A. WASSEL to the Motor Vehicle Industry Licensing Board, for terms ending June 30, 1992;

DARRYL N. ING and JERRALD C. MINSON to the Board of Nursing Home Administrators, for terms ending June 30, 1992;

ROBERT LA MADRID to the Board of Pharmacy, for a term ending June 30, 1990;

H. ROBERT PATTERSON, Pharm.D., to the Board of Pharmacy, for a term ending June 30, 1992;

CEDRIC K. AKAU, M.D., to the Board of Physical Therapy, for a term ending June 30, 1989; and

ELROY K. CHONG and RONALD Y. HONDA to the Board of Physical Therapy, for terms ending June 30, 1992.

Signed by all members of the Committee except Senator Chang.

SCRep. 2937 Consumer Protection and Commerce on Gov. Msg. Nos. 274, 275, 276, 296, 297, 298 and 299

Recommending that the Senate advise and consent to the nominations of the following:

EDWARD GUM HUNG AU, GEORGE R. RODRIGUES, JR., and NICK W. TEVES, JR., gubernatorial nominees to the Contractors License Board, for terms ending June 30, 1992;

MATTHEW K. MIURA and NICHOLAS ANTHONY SOUZA to the Elevator Mechanics Licensing Board, for terms ending June 30, 1992;

HOWARD TAGOMORI to the Board of Private Detectives and Guards, for a term ending June 30, 1990, and

ALBERT BRUCE DENIS and MICHAEL T. MABERRY to the Board of Private Detectives and Guards, for terms ending June 30, 1992;

NORMAN K. JANICKI JR., to the Board of Nursing, for a term ending June 30, 1992;

RACHAEL S. CHANG to the Board of Osteopathic Examiners, for a term ending June 30, 1989;

CECIL CREWS THROPE, D.O., to the Board of Osteopathic Examiners, for a term ending June 30, 1992;

LARRY L. ORDONEZ, DOUGLAS R. SODETANI and PETER N. YANAGAWA to the Real Estate Commission, for terms ending June 30, 1992; and

DOUGLAS KAYA to the Board of Speech Pathology and Audiology, for a term ending June 30, 1989.

Signed by all members of the Committee except Senator Chang.

SCRep. 2938 Tourism and Recreation on Gov. Msg. No. 306

Recommending that the Senate advise and consent to the nominations to the Stadium Authority of the following:

HERBERT S.K. KAOPUA SR. for a term ending June 30, 1990; and

CLAY A. KAGAWA, HENRY S. KIBOTA and ROBERT MCFARLANE, for terms ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2939 Human Services on Gov. Msg. No. 161

Recommending that the Senate advise and consent to the nomination of GERALDINE T.A. AH SAM to the Board of Vocational Rehabilitation, for a term ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2940 Human Services on Gov. Msg. No. 261

Recommending that the Senate advise and consent to the nominations to the Advisory Commission on Employment and Human Resources of the following:

LUCY GAY, for a term ending June 30, 1989; and

ISAAC J. KAOPUA, MARY JEAN LINDSEY, ALVIN J. NISHIMOTO, CHARLES K. NISHIOKA, WILLIAM K. PACATANG SR. and DANIEL A. RUTT, for terms ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 2941 Human Services on Gov. Msg. No. 282

Recommending that the Senate advise and consent to the nominations of PATRICIA JENKINS, RACHELLE MAKAIWAI and ROGELIO ROY SOTO to the Advisory Council for Children and Youth, for terms ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2942 Human Services on Gov. Msg. No. 283

Recommending that the Senate advise and consent to the nominations to the Policy Advisory Board for Elderly Affairs of the following:

SILVIO "FLIP" GRISOLANO, for a term ending June 30, 1991; and

GARY K. FUKUHARA, SHIMEJI KANAZAWA, DIANA P. MCKEAGUE, ETHEL M. MIYAHIRA, TED T. MORIOKA, CHAMP S. ONO, MARK B. PERLMUTTER and ROBERT T. SASAKI, for terms ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2943 Transportation on S.R. No. 35

The purpose of this resolution is to change the name of the Hilo Airport and to name the main terminal "General Lyman Terminal".

Albert Kaulii Brickwood Lyman, born in Hamakua, Hawaii, was the first person of Hawaiian blood to be appointed Brigadier General of the United States Army. In 1943 the Territorial Legislature issued a Joint Resolution to give the former Hilo Airport at Waiakea, Hilo, Hawaii the official name of General Lyman Field.

In 1967 a new Hilo Airport was constructed to handle jetliners from the mainland and a new terminal was dedicated in May 1976. Changing the name of Hilo Airport to "Hilo International Airport" would make the airport easily identifiable to mainland and foreign passengers in addition to the community, and naming the main terminal "General Lyman Terminal" would still preserve the State's recognition of General Lyman's contributions to Hawaii.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 35 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2944 Transportation on S.R. No. 118

The purpose of this Resolution is to request that all airlines providing service to and from Hawaii provide at least one daily nonsmoking flight between the islands and the mainland.

Your Committee finds that the dangers of exposure to second-hand smoke have been well documented, and that these dangers are especially present on airlines, where smoke drifts and is recirculated.

Your Committee received testimony from the Honolulu Airlines Committee, (on behalf of the twenty airlines serving Hawaii), indicating that the regulation of the airlines in this country is preempted by the Federal government. As a result the airlines feel that for competitive reasons they cannot provide nonsmoking flights until the Federal government orders them to do so. Furthermore, placing this restriction on foreign airlines would be a hardship since 1) a daily flight may constitute 50 - 100 percent of their schedules, and 2) in some flights to foreign countries, the majority of travelers are smokers.

Your Committee also received testimony from the Department of Health in support of this Resolution.

Your Committee, upon consideration of the testimonies, has amended the Resolution to request only domestic airlines providing service to and from Hawaii to conduct a survey on the feasibility of providing nonsmoking flights between the islands and the mainland, including a passenger survey.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 118, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 118, S.D. 1.

Signed by all members of the Committee.

SCRep. 2945 Transportation on S.R. No. 132

The purpose of this Resolution is to request the Department of Transportation to conduct a study on the feasibility of an interisland ferry system in the State.

During the 1970's a company by the name of SeaFlite provided interisland ferry services as an alternative to air travel. Although SeaFlite was not successful, it gave the State an indication that an interisland ferry service can be a viable alternative for interisland travelers.

In view of the development of swift, dependable, safe, and seakindly ferry vessels and continuing increases in air fare, your Committee finds that the time is right to look into the possibility of an interisland ferry system.

Your Committee has amended the Resolution by deleting the phrase "on the feasibility" from the title, and deleting the word "feasibility" from the BE IT RESOLVED clause, by including another BE IT FURTHER RESOLVED clause to request that the study include a report on what neighbor island and Oahu harbor facilities would be suitable and available for an interisland ferry system, selection of the craft design, and a summation of potential benefits, and by including "superOutriggers" as another type of craft which would be suitable for use in an interisland ferry system.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 132, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 132, S.D. 1.

Signed by all members of the Committee.

SCRep. 2946 Transportation on S.R. No. 134

The purpose of this Resolution is to request the Department of Transportation (DOT), in cooperation with the Department of Education (DOE), to conduct a study to determine the impact on traffic flow if bus service is provided for students living within one mile of a public school.

This Resolution also requests the DOE to provide the DOT with the necessary information, including the number of students living within one mile of school; urges the DOE to amend the school bus policy to provide bus service to students living within one mile of school if providing bus service for students living within one mile of a public school is found to alleviate some traffic congestion; and requests the DOT to report its findings and recommendations to the Legislature twenty days before the convening of the Regular Session of 1989.

Traffic congestion is an ever increasing problem in the State of Hawaii, especially when students are transported to and from school in private automobiles. The public school system offers bus service only to students living beyond the one mile radius of school, leaving students who live within the one mile radius to find their own way to school. Your Committee finds that, despite the fact students may live relatively close to a school, parents may prefer, for safety reasons, to drop-off their children personally. This practice adds to the traffic congestion.

Your Committee received testimony from the DOE stating that information on the number of students living within one mile of school is not currently available statewide, and that it would require some time and funds to collect and compile the data. Your Committee finds, however, that this information is available for the island of Kauai. Your Committee has therefore amended the Resolution to restrict the study to the island of Kauai only.

Your Committee has further amended the resolution to request the DOT to designate other problem areas throughout the State where the DOE policy of not providing bus service to students living within one mile of school may contribute to traffic congestion.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 134, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 134, S.D. 1.

Signed by all members of the Committee.

SCRep. 2947 Transportation on S.R. No. 135

The purpose of this resolution is to request that the Department of Accounting and General Services (DAGS) consult with the Department of Transportation (DOT) on all decisions and activities relating to state public parking, to promote and consolidate Hawaii's statewide transportation policies and objectives.

Your Committee received supporting testimony from the DOT, indicating that it is not necessary for the DAGS to consult with the DOT on all decisions and activities relating to public parking, but only on decisions relating to institution of additional parking strategies.

Your Committee has amended the resolution by:

- (1) Requesting the DAGS to consult with the DOT on decisions relating to the construction of new parking structures and on parking rules, and amending the title to reflect the same;
- (2) Changing the fifth "WHEREAS" clause to make reference to state employee parking, rather than state public parking; and
- (3) Changing the sixth "WHEREAS" clause to read: "WHEREAS, the Department of Transportation should be consulted on the construction or expansion of state employee parking facilities and fee rate setting, for the purpose of promoting and achieving the overall objectives of Hawaii's statewide transportation policies;"

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 135, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 135, S.D. 1.

Signed by all members of the Committee.

SCRep. 2948 Transportation on S.R. No. 137

The purpose of this resolution is to request that the Department of Transportation study the effects of deregulating paratransit services during peak hour traffic hours, as a means of supplementing public transit services and addressing traffic congestion.

Currently, public transportation is regulated to insure the quality of service, safety of the equipment provided, reasonableness of fares charged, and fairness of the practices of the public utility operator.

Your Committee received favorable testimony from Lieutenant Governor Benjamin J. Cayetano, the Public Utilities Commission, and the Oahu Metropolitan Planning Organization. Upon further consideration, your Committee finds that deregulation is too extreme and would not adequately protect the public interest. However, reduced regulation and simplification of the regulatory process may encourage paratransit operators to provide services during peak traffic hours with resulting cost savings and reduced traffic congestion. Therefore, your Committee has amended the resolution by appropriately amending the title and body of the resolution to request a study of reduced regulation of paratransit services.

Your Committee on Transportation 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.

SCRep. 2949 Transportation on S.R. No. 143

The purpose of this Resolution is to request the City and County of Honolulu to improve the flow of traffic along North King Street.

The improvement in the traffic flow would be accomplished by banning parking on North King Street between Middle Street and Dillingham Boulevard during peak traffic hours. If a parking ban does not adequately improve traffic flow, the City and County is requested to consider constructing bus bays and, as a last resort, creating contra flow lanes.

Your Committee received supporting testimony from the State Department of Transportation and the Executive Director of the Oahu Metropolitan Planning Organization (OMPO) and finds that the travel corridor funneling traffic from Ewa and Central Honolulu into Downtown Honolulu and back, especially that segment running from Middle Street to Downtown, experiences an extremely high volume of traffic. Your Committee further finds that North King Street should be operating as a major urban arterial servicing this traffic and that solutions to the congestion problem such as those provided by this Resolution are in the public interest and should be vigorously pursued.

Your Committee has amended the title and resolution to clarify the portion on North King Street to which this resolution is addressed.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 143 as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 143, S.D. 1.

Signed by all members of the Committee.

SCRep. 2950 Transportation on S.R. No. 151

The purpose of this Resolution is to request Aloha and Hawaiian Airlines to provide half-fare rates for children.

Although the airlines do provide special rates to children, the present cost of airfares still diminish children's opportunities to travel to neighbor islands.

Your Committee finds that to a large extent, travel between the islands is confined to the use of airplanes. As such, any legislative intent which encourages children to experience and learn from the different and unique qualities of the islands is dependent on the cost of airfare.

This Resolution addresses the issue of full-fare airfare rates for children, by requesting both local airlines to offer half-fare rates (or airfares which are one-half the price of adult airfares) for children under twelve years of age for all inter-island flights.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 151, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2951 Transportation on S.R. No. 152

The purpose of this resolution is to request the State Department of Transportation (DOT) to determine what improvements need to be made to Kalihi and Nihi Streets to meet applicable standards and the costs of such improvements, including the drainage system.

This resolution also requests the DOT to determine the State and the City and County of Honolulu's proportionate share of the costs to make these improvements, and to report to the Senate on its findings and recommendations twenty days prior to the convening of the Regular Session of 1989.

The Chairperson of the Kalihi Valley Neighborhood Board testified that Kalihi and Nihi Streets in Honolulu are in desperate need of repair. The community, in an attempt to improve their neighborhood, applied for a Community Development Block Grant, but were not able to receive any funds because they did not meet the income requirement.

Your Committee also received testimony from Councilmember Donna Kim and the DOT. The DOT testified that Nihi Street and the portion of Kalihi Street referred to in this resolution are under the jurisdiction of the City and County of Honolulu, and therefore recommends that the Department of Public Works of the City and County of Honolulu conduct the study. Your Committee, upon consideration of the DOT'S testimony, has amended the title and resolution accordingly.

Your Committee on Transportation 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. 2952 Agriculture, Energy and Ocean Resources on H.C.R. No. 10

The purpose of this concurrent resolution is to assert Hawaii's position that affected coastal states have a right to share in the benefits derived from the development of adjacent Exclusive Economic Zone (EEZ) ocean resources and to express the State of Hawaii's support for a program for an effective, shared management role between the federal government and the coastal states over the EEZ.

Your Committee received favorable testimonies from the Office of State Planning and the Department of Business and Economic Development, noting the importance for Hawaii to benefit from the development of resources within the EEZ and to demonstrate Hawaii's support for the principles embodied in EEZ legislation presently being considered by the United States Congress.

Your Committee has amended the concurrent resolution to correct a typographical error in the fourth "WHEREAS" clause by replacing the word "independent" with "interdependent."

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 10, H.D. 2, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 10, H.D. 2, S.D. 1.

Signed by all members of the Committee.

SCRep. 2953 Agriculture, Energy and Ocean Resources on H.C.R. No. 85

The purpose of this concurrent resolution is to direct the Department of Business and Economic Development, with the assistance of other State and private agencies to continue research in the use of biomass to produce electricity and development of new energy systems and sources to replace petroleum fuels, and the production of high-value co-product chemicals.

The State presently depends on imported fossil fuels to fulfill the majority of its energy requirements. Development of alternate energy sources and products would lessen this dependency and would be in keeping with the State Plan to achieve energy self-sufficiency for Hawaii.

In addition to the department's work, the Department of Business and Economic Development has established itself as the lead agency of the State for development of biomass energy production utilizing bagasse, and has worked with various State agencies to investigate alternate biomass crops. Joint investigations have also been conducted into sugarcane byproducts conversion to alcohol and other agricultural derived chemicals. Cooperative investigations have aided the sugar industry reduce its costs and compete in the current competitive sweetener market.

Your Committee finds that continued research and development into alternate energy use and biomass products is needed to attain the State's goal of energy self-sufficiency, and will assist the State's sugar industry.

Testimonies in support of this concurrent resolution were received from the Department of Business and Economic Development, Department of Agriculture and the University of Hawaii College of Tropical Agriculture and Human Resources.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 85, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2954 Agriculture, Energy and Ocean Resources on H.C.R. No. 124

The purpose of this concurrent resolution is to request that the Governor's Agriculture Coordinating Committee in conducting its present ongoing analysis on the State's beef industry, give appropriate attention to the conditions prevailing on Molokai and the impacts of a cooperative and integrated slaughtering, packing and marketing venture on the livestock industries of Molokai and the State.

The concurrent resolution also directs the Governor's Agriculture Coordinating Committee to report its findings, analysis and recommendations to the Legislature prior to the convening of the Regular Session of 1989.

Testimonies in support of this concurrent resolution were received from the Department of Agriculture, the University of Hawaii College of Tropical Agriculture and Human Resources, the Governor's Agriculture Coordinating Committee and from concerned Molokai ranchers.

In the past year, Molokai's cattle depopulation due to disease has set back the livestock industry and has compounded the already depressed economic conditions on that island. With the elimination of the contaminated cattle, the livestock industry on Molokai is poised to make a comeback. Your Committee finds that an analysis to determine how best to coordinate, direct and facilitate the comeback of Molokai's livestock industry is in order.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 124, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2955 Human Services on Gov. Msg. No. 284

Recommending that the Senate advise and consent to the nominations to the Commission on the Status of Women of the following:

LENNY S. YAJIMA, for a term ending June 30, 1989;

THERESA RIBAYA BLANCO and HOLLY CHUN-MING, for terms ending June 30, 1990; and

MINJA KIM CHOE, for a term ending June 30, 1991.

Signed by all members of the Committee.

SCRep. 2956 Labor and Employment on Gov. Msg. No. 285

Recommending that the Senate advise and consent to the nominations of MORIYOSHI HIRATANI, KENNETH KOIKE and WALLACE Y. KUNIOKA to the Board of Trustees, Hawaii Public Employees Health Fund, for terms ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2957 Labor and Employment on Gov. Msg. No. 305

Recommending that the Senate advise and consent to the nomination of CHARLES OTA to the Board of Trustees of the Deferred Compensation Plan, for a term ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2958 Labor and Employment on Gov. Msg. No. 266

Recommending that the Senate advise and consent to the nominations to the Civil Service Commission of the following:

LORRAINE N. SHIMAMURA, for a term ending June 30, 1989; and

ERNEST M. S. LOO and ALVIN M. YOSHIMORI, for terms ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2959 Planning and Environment on Gov. Msg. Nos. 286 and 287

Recommending that the Senate advise and consent to the nominations of the following:

MELVIN DAVID L. KALAHIKI and MURIEL R. ROBERTS to the Environmental Council, for terms ending June 30, 1991;

NOBURU (LARRY) IWAMI, LEONARD KWOCK PING LEONG, WALTER H. MURAOKA, GERARD SAKAMOTO and HERBERT T. TATEISHI to the Environmental Council, for terms ending June 30, 1992;

IAN KAGIMOTO to the Board of Certification of Operating Personnel in Wastewater Treatment Plants, for a term ending June 30, 1989;

HARLAN H. HASHIMOTO to the Board of Certification of Operating Personnel in Wastewater Treatment Plants, for a term ending June 30, 1991; and

CLARENCE K. SURIGAO to the Board of Certification of Operating Personnel in Wastewater Treatment Plants, for a term ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2960 Health on Gov. Msg. Nos. 254, 255, 256, 257, 258, 259 and 260

Recommending that the Senate advise and consent to the nominations of the following:

MARGARET B. PROFFITT to the State Planning Council on Developmental Disabilities, for a term ending June 30, 1990;

JEANETTE TAKAMURA, Ph.D., to the State Planning Council on Developmental Disabilities, for a term ending June 30, 1991;

CAMILLE HANSEN ALMY, ELLIOTT R. CHANG, AMY E. HIGUCHI, CALVIN MASAKI, PAUL T. MATSUNAGA, KATHERINE ANNE O'REILLY, PATRICIA D.G. OTAKE, DEBORAH J. RIVERS, ELAINE WILSON and DAVID A. WOLL to the State Planning Council on Developmental Disabilities, for terms ending June 30, 1992;

RUDOLPH HART, ELEANOR L. NELSON, MARK SPERRY and PETER B. WOOLLETT, M.D., to the State Emergency Medical Services Advisory Committee, for terms ending June 30, 1992;

KEN MICHAEL to the County Hospital Management Advisory Committee, Hawaii County Hospital System, for a term ending June 30, 1990;

CLYDE T. IMADA and NELSON H. KINOSHITA to the County Hospital Management Advisory Committee, Hawaii County Hospital System, for terms ending June 30, 1992;

JUAN M. FRANCISCO and SHERRY K. PIWONKA to the County Hospital Management Advisory Committee, Kauai County Hospital System, for terms ending June 30, 1992;

JAMES B. TAKAYESU to the County Hospital Management Advisory Committee, Maui County Hospital System, for a term ending June 30, 1992;

LARRY AIWOHI to the Commission on the Handicapped, for a term ending June 30, 1989;

JO-ANN P. BONAWITZ, TIMOTHY M. IIDA, DAVID KAHOOHANOHANO and MYRON M. YAMAUCHI to the Commission on the Handicapped, for terms ending June 30, 1992;

LESTER M. UYEDA to the Board of Radiologic Technologists, for a term ending June 30, 1989; and

ADLEEN T. ICHINOSE to the Board of Radiologic Technologists, for a term ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2961 Business Development and Pacific Relations on Gov. Msg. No. 241

Recommending that the Senate advise and consent to the nominations of KENNETH K. TAKENAKA and GREGG T. YAMANAKA to the Hawaii Community Development Authority, for terms ending June 30, 1992.

Signed by all members of the Committee except Senator Cobb.

SCRep. 2962 Business Development and Pacific Relations on Gov. Msg. No. 273

Recommending that the Senate advise and consent to the nomination of RHONDA NISHIMURA to the Board of Directors, Aloha Tower Development Corporation, for a term ending June 30, 1992.

Signed by all members of the Committee except Senator Cobb.

SCRep. 2963 Human Services on Gov. Msg. No. 207

Recommending that the Senate advise and consent to the nominations to the Advisory Council for Community Services of the following:

FRANK DECOSTA, for a term ending June 30, 1990, and

CAPTAIN RICHARD G. HUBBARD, ROY T. NISHIDA, GRACE C. ONESS and MERRILEE MIA YOSHIKAWA, for terms ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2964 (Joint) Military and Civil Defense and Government Operations on S.R. No. 175

The purpose of this resolution is to urge Hawaii's congressional delegation to request the Army Corps of Engineers to assess the condition of drainage systems on Oahu.

The recent storm which hit Oahu on New Year's Eve left parts of the island in a shambles. Hardest hit were the Windward and East Oahu areas. Although the flooding is attributable as an Act of God, to a certain extent, much of the flooding appears to have been caused by run-off water from clogged drainage canals and streams. The clogging was caused by debris and overgrown vegetation which without the storm would probably have not caused a problem.

To prevent this problem from recurring, your Committees find it necessary to provide local authorities with an immediate assessment of Oahu's drainage canals and streams so that the authorities can insure its proper functioning.

This resolution urges Hawaii's congressional delegation to request that the Army Corps of Engineers perform the assessment and report its findings to the Governor and the Mayor of the City and County of Honolulu.

Your Committees have amended this resolution by directly requesting the Army Corps of Engineers to perform the assessment, instead of channeling the request through Hawaii's congressional delegation. Your Committees have also amended the resolution by including the Legislature as a recipient of the report; and by providing copies of the resolution to the Army Corps of Engineers, the Governor, and the Mayor of the City and County of Honolulu.

Your Committees on Military and Civil Defense and Government Operations concur with the intent and purpose of S.R. No. 175, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 175, S.D. 1.

Signed by all members of the Committees except Senator Fernandes Salling.

SCRep. 2965 Higher Education on Gov. Msg. No. 302

Recommending that the Senate advise and consent to the nomination of STELLA L.T. ASAHARA to the Western Interstate Commission for Higher Education (WICHE), for a term ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2966 Agriculture, Energy and Ocean Resources on Gov. Msg. Nos. 271 and 272

Recommending that the Senate advise and consent to the nominations of the following:

EVERY B. CHUMBLEY to the Board of Agriculture, for a term ending June 30, 1992; and

RICHARD B. SPENCER, Ph.D., to the Hawaii Aquaculture Advisory Council, for a term ending June 30, 1989.

Signed by all members of the Committee.

SCRep. 2967 Higher Education on H.C.R. No. 36

The purpose of this concurrent resolution is to request a study on the feasibility of establishing a Space Education Center.

The study would consider the purchase of a telescope, and the relocation of observatory equipment which has limited use due to advancing technology from the summit of Mauna Kea to the Space Education Center.

Your Committee is sensitive to concerns raised about the encouraging of large groups of visitors to the Hale Pohaku site, both from a standpoint of safety on steep roads and from the standpoint of the potential impact on surrounding mamane forests which have been designated prime habitat of the palila. Therefore, it is intended that the study will concentrate on easily accessible, low-altitude sites for the major space education center elements and will restrict further development of the public information center at Hale Pohaku to those very limited elements which can only be carried out on Mauna Kea.

Your Committee has amended the concurrent resolution as follows:

- (1) Specified in the second "WHEREAS" clause that ideas are currently being explored for development of appropriate space-related activities by the University of Hawaii, and such agencies as the Department of Business and Economic Development;
- (2) Specified in the "BE IT RESOLVED" clause that the University of Hawaii, in cooperation with the Department of Business and Economic Development, is requested to conduct the study;
- (3) Added that a certified copy of the concurrent resolution will be transmitted to the Director of Business and Economic Development; and
- (4) Made a technical change in the first "BE IT FURTHER RESOLVED" clause by replacing the word "or" with "and".

Your Committee on Higher Education concurs with the intent and purpose of H.C.R. No. 36, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 36, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 2968 Agriculture, Energy and Ocean Resources on H.C.R. No. 86

The purpose of this concurrent resolution is to request a study of marketing and production of alternative crops.

This concurrent resolution requests the Department of Business and Economic Development (DBED) and the Department of Agriculture (DOA) to conduct a study of marketing and producing diversified agricultural crops including but not limited to: citrus, amaranth, jojoba, meadow foam, ornamental flowers, vanilla beans, lilikoi, and alternative uses of sugarcane byproducts for energy production. The Governor's Agriculture Coordinating Committee (GACC), with the assistance of the DOA, will coordinate the study and submit the findings and recommendations to the Legislature twenty days prior to the convening of the Regular Session of 1989.

The Dean of the University of Hawaii College of Tropical Agriculture and Human Resources (CTAHR) testified that the University has already conducted research and prepared reports addressing the intent of this concurrent resolution, which are available to the GACC, DBED, and DOA. In view of the amount of work ongoing and completed, the CTAHR recommended an amendment which would take into consideration the work conducted by the CTAHR.

Your Committee has therefore amended the concurrent resolution to request "the Governor's Agriculture Coordinating Committee to report the outcome of the analysis and action plan for an Alternative Crop Industry and recommend actions necessary to implement the analysis and action plan", rather than the Departments of Business and Economic Development and Agriculture.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 86, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 86, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 2969 Tourism and Recreation on H.C.R. No. 261

The purposes of this concurrent resolution are to request the Department of Land and Natural Resources to take all steps necessary to keep the coastal zone from Koko Head to Makapuu in open space forever for the public's use and enjoyment and to develop an overall plan for such a continuous scenic shoreline park.

The reasons for this concurrent resolution are amply and well-stated in the "Whereas" clauses.

Your Committee has amended the concurrent resolution to provide clearer direction for the Department. First, the Department is requested to conduct a study of the establishment of the park, which shall have the basic objective of retaining the area in open space forever. The provision requesting the Department "to take all steps necessary" to preserve open space has been deleted because of insufficient clarity. Second, the area to be the subject of the study has been defined as the lands within tax map key numbers 1-3-9-11, 1-3-9-12, and 1-3-9-15-1. The area includes Koko Head Crater, Hanauma Bay, Sandy Beach, Queen's Beach, and Makapuu Point. The area has been delineated because much of the land is owned by the City and County of Honolulu and already in recreational use and, although privately held, public sentiment appears to favor preservation of Queen's Beach. Third, factors which must be addressed by the study have been explicitly identified. The factors are of particular relevance and interest since the Department of Land and Natural Resources, a state agency, will be conducting a study of lands which are owned and managed by other government entities and the Bishop Estate. Fourth, the word "concerning" has been substituted for "requesting" in the title of the concurrent resolution to reflect the amended direction.

In addition, the term "Concurrent Resolution" has been substituted for "resolution" in the transmittal paragraph.

Your Committee states that this concurrent resolution is not intended to supersede any activity or operation of the City and County of Honolulu. This concurrent resolution merely requests a study of a continuous scenic shoreline park. If the study recommends a more direct role or increased responsibility by the State, your Committee intends that future implementing actions be sensitive to and not coercive upon the City.

Your Committee on Tourism and Recreation concurs with the intent and purpose of H.C.R. No. 261, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 261, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2970 Public Utilities on H.C.R. No. 242

The purpose of this concurrent resolution is to ensure that the Public Utilities Commission continues to effectively meet its responsibilities by requesting a comprehensive audit of Chapter 269, Hawaii Revised Statutes.

Your Committee on Public Utilities concurs with the intent and purpose of H.C.R. No. 242, H.D. 1, and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 2971 Human Services on H.C.R. No. 346

The purpose of this concurrent resolution is to reaffirm the State's commitment to children and youth.

Our Children and youth represent and most treasured resource and their well-being and optimal development are essential for the future of our society. This concurrent resolution calls for strong policies and a comprehensive and concerted effort on the part of State and County resources. A sizeable financial commitment is required in order to provide our children and youth with the critical services to enable them to become contributing members of our community.

This concurrent resolution also calls on the Governor to carry out the intent and purpose of the concurrent resolution.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. No. 346, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2972 Higher Education on H.C.R. No. 77

The purpose of this concurrent resolution is to urge the University of Hawaii to expand its Archaeology Program.

This concurrent resolution proposes that the University consider the establishment of a Hawaiian Archaeologist position; the feasibility of publishing a journal in Hawaiian archaeology; and the feasibility of expanding its facilities for laboratory analysis, curation, and display.

Your Committee finds that University archaeologists play a vital role in the community by being sources of scientific information, publishing studies, and generally building a link between Hawaii's past and present. This concurrent resolution recognizes that role and expresses the Legislature's interest in expanding archaeological studies at the University.

Your Committee has amended the concurrent resolution by making technical changes which have no substantive effect.

Your Committee on Higher Education concurs with the intent and purpose of H.C.R. No. 77, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 77, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 2973 Higher Education on H.C.R. No. 326

The purpose of this Concurrent Resolution is to request the University of Hawaii together with the Department of Business and Economic Development, the County Council and Mayor of the County of Hawaii to develop a plan that includes studies of commercial activities most appropriate for the commercial development of the area adjacent to the University of Hawaii at Hilo.

This Concurrent Resolution also requests that the plan include studies of potential economic benefits that could be derived from the development. Your Committee has amended the Concurrent Resolution by:

- (1) Adding the word "the" before the word "area" in the title of the Concurrent Resolution;
- (2) Including the Department of Land and Natural Resources as a participating agency in the plan;
- (3) Requesting that the development be made in conjunction with the Department of Business and Economic Development in co-ventureship with private development;
- (4) Requesting that copies of the Concurrent Resolution be transmitted to the President of the University of Hawaii and Chairperson of the Board of Land and Natural Resources; and
- (5) Making clarifying language changes within the body of the Concurrent Resolution, which have no substantive effect.

Your Committee on Higher Education concurs with the intent and purpose of H.C.R. No. 326, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 326, S.D. 1.

Signed by all members of the Committee.

SCRep. 2974 Higher Education on H.C.R. No. 274

The purpose of this concurrent resolution is to request the College of Tropical Agriculture and Human Resources at the University of Hawaii to report on the means and cost of conducting a study on the feasibility of establishing a taro processing plant on the island of Kauai.

Most of the taro grown in Hanalei on Kauai must be shipped to Oahu for processing. Construction of a taro processing plant there, if feasible, would benefit the farmers and the consuming public and would be consistent with the State's policies and objectives relating to diversified agriculture.

After further consideration, your Committee finds that there is also a need for similar facilities at Keanae Peninsula and Wailua on the island of Maui, and the concurrent resolution has been amended to include these areas within the scope of the study. Your Committee has also made technical changes which have no substantive effect.

Your Committee on Higher Education concurs with the intent and purpose of H.C.R. No. 274, H.D. 1, and recommends its adoption in the form attached hereto as H.C.R. No. 274, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 2975 Housing, Hawaiian Programs and Natural Resources on Gov. Msg. No. 279

Recommending that the Senate advise and consent to the nominations to the Hawaiian Homes Commission of the following:

GEORGE H. ROBERTSON, for a term ending June 30, 1989, and

NANI GLADYS BRANDT and EDISON R.K. KEOMAKA, for terms ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2976 Housing, Hawaiian Programs and Natural Resources on Gov. Msg. No. 304

Recommending that the Senate advise and consent to the nominations to the Land Use Commission of the following:

ALLEN Y. KAJIOKA, for a term ending June 30, 1989, and

ALLEN K. HOE, for a term ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2977 Housing, Hawaiian Programs and Natural Resources on Gov. Msg. Nos. 280 and 281

Recommending that the Senate advise and consent to the nominations of the following:

CLARENCE MILLS to the Housing Finance and Development Corporation, for a term ending June 30, 1992;

THOMAS HILL, BARON OKIMOTO and H.C. WALDORF to the Molokai Irrigation System Water Users Advisory Board, for terms ending June 30, 1989;

LAUNNIE GINN to the Molokai Irrigation System Water Users Advisory Board, for a term ending June 30, 1991; and

WILMA NOELANI NAEOLE JOY to the Molokai Irrigation System Water Users Advisory Board, for a term ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 2978 Government Operations on H.C.R. No. 174

The purpose of this concurrent resolution is to urge Congress to pass legislation which provides redress and reparations for the forced evacuation, relocation, and internment of American citizens and resident aliens of Japanese ancestry and for the forced evacuation and relocation of Alaskan Aleuts during World War II.

Currently pending in Congress, H.R. 442 and S. 1009 would acknowledge and apologize for injustices which were perpetrated during World War II upon the citizens and resident aliens of Japanese ancestry; provide for educational efforts to inform the public of these injustices in order to prevent their recurrence; and make restitution to those persons of Japanese ancestry who were interned. S. 1009 also includes provisions to provide restitution to Aleuts who were forcibly relocated during World War II.

Your Committee considered testimony in support of this concurrent resolution from the American Friends Service Committee and the Japanese American Citizens League and finds that it is appropriate for the Hawaii State Legislature to advocate these actions.

Your Committee has amended this concurrent resolution by generally rewriting the fourth "WHEREAS" clause for the purpose of clarity and by making technical changes which have no substantive effect.

Your Committee on Government Operations concurs with the intent and purpose of H.C.R. No. 174, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 174, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 2979 Government Operations on H.C.R. No. 222

The purpose of this concurrent resolution is to request a study on the feasibility of designating a particular state agency to provide video production services for all state agencies.

The study would include, but not be limited to, an assessment of the demand for such services by state agencies, and a cost-effectiveness analysis of different alternatives available to the State and whether the cost of centralized services would be less costly than using existing facilities and programs.

Recently, the medium of television has become recognized as an effective means of mass communication and it has increasingly been used by government agencies. The agencies generally lack the expertise to select video hardware best suited for their needs, and lack staff with training in various aspects of video production.

Your Committee considered testimony from the Chancellor for Community Colleges, the Department of Budget and Finance, and the Hawaii Public Broadcasting Authority, and finds that the designation of one particular agency for video production may provide for a more economical and efficient use of state resources.

Your Committee, upon consideration, has amended the concurrent resolution to have the Department of Budget and Finance also consult with the Department of Education in preparation of the study and to also transmit a copy of the concurrent resolution to the Superintendent of Education.

Your Committee on Government Operations concurs with the intent and purpose of H.C.R. No. 222, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 222, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 2980 Planning and Environment on H.C.R. No. 356

The purpose of this concurrent resolution is to request the continuing support of legislation and other programs to help control the plastic and net pollution of our oceans.

Plastic rubbish and lost fish nets are major sources of beach and ocean pollution and are becoming increased hazards to navigation. Also, these plastics, monofilaments, and nylons do not biodegrade quickly. Since worldwide production of plastics is expected to increase, land based sources of marine pollution are a problem of great magnitude.

The U.S. Congress passed H.R. 940 in 1987, entitled "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" (MARPOL Annex V), which addresses the concerns of plastics and net pollution. This concurrent resolution requests that the Department of Health assist the Environmental Protection Agency and the National Oceanic and Atmospheric Administration to implement MARPOL Annex V to manage the impacts of persistent rubbish on the marine environment.

Implementing MARPOL Annex V should include developing controlled lifetime plastics and facilitating the recycling of plastics. Implementation would also be promoted by the Department of Transportation developing a program of plastic pollution education and enforcement for small boaters.

Your Committee has amended the concurrent resolution to emphasize the hazards of lost fish nets on marine life and to make technical and other nonsubstantive changes for the purpose of clarification.

Your Committee on Planning and Environment concurs with the intent and purpose of H.C.R. No. 356, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 356, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 2981 Planning and Environment on H.C.R. No. 175

The purpose of this concurrent resolution is to urge Japan to respect the spirit as well as the letter of the International Whaling Commission's moratorium on commercial whaling.

Hunting whales, once an international commercial enterprise practiced by many seafaring nations, has threatened the entire species of whales with extinction. Fortunately, most nations stopped whaling before and in compliance with the International Whaling Commission's moratorium declared in October, 1985.

However, Japan has characteristically refused to abide by the internationally recognized moratorium even though whaling is minimally profitable to the overall Japanese economy. In March, 1987, Japan finally agreed to abide by the moratorium, only to announce a month later that it intended to kill 875 whales a year under the guise of "scientific purposes", with all edible whale flesh harvested from the expedition to be sold to Japanese restaurants.

The international scientific community agrees that killing 875 whales a year for alleged "scientific purposes" is unjustifiable. Clearly, Japan is determined to defy scientific concerns and world opinion.

Whales are intelligent mammals that offer invaluable and immeasurable scientific and aesthetic benefits to humankind. Accordingly, the State of Hawaii is determined to protect whales and, therefore, strongly urges Japan to abide by the spirit as well as the letter of the International Whaling Commission's moratorium on hunting whales.

Your Committee has amended the concurrent resolution by urging the U.S. Congress to impose on Japan the Pelley Amendment to the Fishermen's Protection Act which would place an embargo on Japan's fishery products and have a much more serious impact on Japan's economy. The concurrent resolution is further amended so that copies of this concurrent resolution are transmitted to Hawaii's Congressional Delegation, Earth Trust, Green Peace Hawaii, and Green Peace National Headquarters.

Your Committee on Planning and Environment concurs with the intent and purpose of H.C.R. No. 175, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 175, S.D. 1.

Signed by all members of the Committee.

SCRep. 2982 Planning and Environment on H.C.R. No. 275

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources (DLNR) to restrict the method of 'o'opu fishing around the State to rod or pole fishing.

Your Committee received supporting testimony from the DLNR, expressing concern for the protection and conservation of Hawaii's native stream fauna. The DLNR concurs with the intent and purpose of the concurrent resolution, and will plan statewide public meetings during the summer to discuss possible regulatory provisions, including restricting 'o'opu fishing.

Your Committee has amended the bill as follows:

- (1) Deleted the word "STATEWIDE" from the title; and
- (2) Amended the seventh "WHEREAS" clause and the "BE IT RESOLVED" clause, by requesting the DLNR to adopt rules to control the taking of 'o'opu rather than specifically requesting that 'o'opu taking be restricted to rod or pole fishing.

Your Committee on Planning and Environment concurs with the intent and purpose of H.C.R. No. 275, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 275, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 2983 Planning and Environment on H.C.R. No. 291

The purpose of this resolution is to request the adoption of administrative rules to limit the taking of tropical fish for aquarium purposes.

The population of tropical fish in Hawaii's reef areas has declined steadily over the past years due to sophisticated overharvesting methods. One reason for the depletion is the sale of tropical fish to aquarium collections in 1986-1987 which was valued at \$392,000.

The depletion of tropical fish also takes away from the multi-million dollar diving and glass-bottom boat industries whose business in part draws from people's attraction to tropical fish.

A management plan is necessary to identify the maximum harvest capacity of tropical fish, set harvesting quotas, and delineate areas restricted from harvesting in order to properly manage and conserve tropical fish resources and to prevent resource exhaustion. This resolution urges the Department of Land and Natural Resources (DLNR) to review aquarium fish resources and catch data and to regulate the areas of harvesting.

Your Committee finds that tropical fish are an invaluable resource that needs proper management and conservation in order to continue both the aesthetic and economic values tropical fish provide to Hawaii.

Your Committee has amended the resolution's title to specify that the Department of Land and Natural Resources is the lead agency to take the appropriate measures to manage and to conserve tropical fish resources. Another BE IT FURTHER RESOLVED clause was added to request the DLNR to pursue using subarea designations, such as the Marine Life Conservation District, to manage the taking of tropical fish and also to reduce the competing uses of this common resource. Further, the term "collect" and its variations, is replaced with "harvest" and its variations, for proper clarification. Finally, the resolution is also to be transmitted to TORCH, Paradise Scuba, Inc., Dive Makai Charters, and Sea Dreams Hawaii.

Your Committee on Planning and Environment concurs with the intent and purpose of H.C.R. No. 291, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 291, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 2984 Planning and Environment on H.C.R. No. 183

The purpose of this concurrent resolution is to request the Waianae Coast Coalition for Human Services (WCCHS) to assume responsibility for the development of a comprehensive plan of integrated services for the Waianae Coast by convening a planning task force for the development of a comprehensive plan addressing short and long term needs.

WCCHS would serve as the principal community based planning organization for health and human services provided to the Waianae Coast by private non-profit agencies whose programs are wholly or partially supported by state funds. The planning task force would develop and implement a process to address and make recommendations on the assessment of facility needs of existing agencies; identify service priorities; and establish an improved system of communication and direct interface between the members of WCCHS and the state agencies providing support to members in the planning process.

In addition, the planning task force would, in cooperation with relevant state agencies, propose a budget for the 1989-1991 fiscal biennium including a list of relevant purchases of services, grants, subsidies, departmental programs, their proposed levels of funding, and their purposes. The Departments of Human Services, Health, Education, and Labor and Industrial Relations would provide assistance to the task force.

Your Committee received testimonies from several sources and finds that the Waianae Coast is an economically depressed area which has a number of residents who suffer from a variety of societal problems including poor health, insufficient human services and education, and unemployment. Without clear understanding of what services are being provided and which are lacking in the area, no comprehensive plan of aid can be implemented. This concurrent resolution would involve all the agencies serving the Waianae Coast in a comprehensive data gathering and planning effort which should impact positively on the problems and provide clear guidelines for the legislature to follow in subsequent legislation, budget priorities, and appropriations.

Your Committee on Planning and Environment 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.

SCRep. 2985 Planning and Environment on H.C.R. No. 330

The purpose of this concurrent resolution is to request the retention of private sector industrial or commercial laboratories to provide laboratory sampling and testing services.

The concurrent resolution defines the role of the Department of Health (DOH) in monitoring pesticides and other contaminants. The main emphasis of the DOH's role should include the enforcement and inspection of activities; the certification of programs for Hawaii laboratories; the regulation, overseeing, and monitoring of existing laboratories; and the providing of testing services for those laboratory tests that private sector laboratories cannot perform. The DOH should meet with private sector industrial and commercial laboratories to determine how the State of Hawaii and the private sector can work in concert to meet the laboratory testing requirements of all State and Federal laws regarding laboratory analysis.

Your Committee received supporting testimony from the DOH indicating that there is a definite need for some laboratory services to be contracted to the private sector. Currently, the DOH has special programs contracted to out-of-state laboratories because local laboratories do not meet the necessary criteria. Your Committee finds that it would be more cost efficient for the DOH to work closely with representatives from the in-state private sector as well, to determine exactly which programs the DOH will earmark for contractual work.

Your Committee has amended the concurrent resolution as follows:

- (1) Amended the title to read: "REQUESTING THE DEPARTMENT OF HEALTH TO WORK WITH PRIVATE INDUSTRY TO UTILIZE COST EFFICIENT LABORATORY TESTING SERVICES AND DETERMINE PROCEDURES TO CONFIRM POSITIVE PESTICIDE RESULTS.";
- (2) Added at the end of the "BE IT RESOLVED" clause, "...to meet demands beyond the capacities of the DOH laboratories, or when the private sector can provide the testing services at a lower cost than the DOH";
- (3) Added a new "BE IT FURTHER RESOLVED" clause to have the DOH and private sector laboratories determine the procedure to confirm any positive result before any regulatory action may be taken; and
- (4) Made clarifying language changes which have no substantive effect.

Your Committee on Planning and Environment concurs with the intent and purpose of H.C.R. No. 330, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 330, S.D. 1.

Signed by all members of the Committee.

SCRep. 2986 Agriculture, Energy and Ocean Resources on H.C.R. No. 84

The purpose of this concurrent resolution is to urge the development of a public education program about the sugar industry.

This concurrent resolution urges the Governor's Agriculture Coordinating Committee, with the assistance of the Department of Business and Economic Development, Department of Education and the Hawaiian Sugar Planters' Association, to develop a promotional public education plan which promotes and educates the public about the sugar industry in Hawaii.

Favorable testimonies were received from the Department of Business and Economic Development, the Department of Education, the Governor's Agriculture Coordinating Committee and the University of Hawaii's College of Tropical Agriculture and Human Resources.

Your Committee finds that the benefits of Hawaii's sugar industry to the socio-economic well being of these islands are not well known in the general community. Further, except in the communities that would be devastated by the demise of sugarcane cultivation, the industry's impact on the State's overall agriculture, on the attractiveness of the islands to visitors, and on the general economy of the State, are not recognized. The Hawaiian sugar industry is presently

undergoing a period of economic difficulty, and could benefit greatly from increased government and public support and understanding.

Your Committee finds that an education program that is well conceived and executed can contribute to public awareness of the benefits of Hawaii's sugar industry, and thus encourage support and understanding of the industry.

Your Committee recognizes that the development of an effective educational plan is a lengthy process and costs are involved; therefore, your Committee has adopted the recommendation of the College of Tropical Agriculture and Human Resources and has amended the concurrent resolution by inserting the words "propose how to" before the words "develop a promotional public education plan" in the first "BE IT RESOLVED" paragraph on page 2.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 84, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 84, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 2987 Agriculture, Energy and Ocean Resources on H.C.R. No. 153

The purpose of this concurrent resolution is to request the Department of Agriculture to review inspection procedures and identify its needs to minimize the introduction of insect pests in Hawaii.

The Department of Agriculture is concerned about the significant increase in new immigrant insect pests that have become established in Hawaii. These pests not only cause damage to agriculture, but also endanger Hawaii's ecosystem and affect the public's well-being.

Your Committee received supporting testimony from the Chairperson of the Board of agriculture, the College of Tropical Agriculture and Human Resources, University of Hawaii, and the Hawaii Farm Bureau Federation, and finds that the inspection procedures relating to the following avenues for insect introduction require strengthening: (1) first class mail, which is currently being addressed in Congress; (2) airport checked and carry-on baggage; (3) incoming air and maritime cargo; (4) military bases; (5) private yachts and ships; (6) private cargo companies; (7) UPS mail; and (8) the foreign inspection area now under the U.S. Department of Agriculture jurisdiction.

Your Committee has amended this concurrent resolution by further requesting the Department of Agriculture, with the assistance of the Department of Transportation, to study the costs involved in the establishment of an x-ray checking system at entry points into the State. Your Committee has also provided for a copy of this concurrent resolution to be transmitted to the Director of Transportation.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 153, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 153, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 2988 Agriculture, Energy and Ocean Resources on H.C.R. No. 369

The purpose of this concurrent resolution is to request the development of an action plan to assist the Molokaa papaya farmers.

The Molokaa Farmers Cooperative was incorporated in 1973, and over the years the Cooperative has experienced cyclical periods of prosperity and hardship, of tremendous production and total destruction.

In 1982, financial assistance was extended by the Small Business Administration (SBA) to Best Fruits Inc., the corporation established to operate the packing and processing plant for Molokaa Farmers Cooperative. The financial assistance was extended as a result of damage caused by Hurricane Iwa, and the Department of Agriculture (DOA) also has loans outstanding with Molokaa papaya farmers.

The loaning agencies, the SBA and DOA, have requested that the Molokaa Farmers Cooperative and Best Fruits Inc., develop a plan of action so that the loaning agencies could determine a course of action to help the borrowers. This concurrent resolution provides for the development of such a plan.

The DOA, in its testimony, requested it be noted that it does not have the funds to hire a qualified private consultant.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 369, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2989 Agriculture, Energy and Ocean Resources on H.C.R. No. 384

The purpose of this concurrent resolution is to encourage and promote the use of native plants in landscaping and other projects by government agencies and private concerns.

Native Hawaiian plants which once flourished from ocean to mountain on every island are threatened with extinction. The use of native plants in landscaping would make them more visible to the general public, thus encouraging their use, and promoting an appreciation of such plants.

Favorable testimonies were received from the Departments of Land and Natural Resources, Transportation, and Accounting and General Services; and the College of Tropical Agriculture and Human Resources, Environmental Center, of the University of Hawaii.

Your Committee, upon the recommendation of Environmental Center of the University of Hawaii, has added a "BE IT FURTHER RESOLVED" clause expressing that the state policy is to encourage the propagation of native plants in nurseries and botanical gardens and their release from these sources for landscaping purposes, and discourage direct transplantation of wild grown plants in order to prevent depletion of wild populations.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 384, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 384, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 2990 Education on H.C.R. No. 135

The purpose of this concurrent resolution is to request the Department of Education to facilitate the development of an auditorium at Konawaena High School.

Konawaena High School does not have an auditorium. An auditorium could be used by students to promote and expand participation in such performing arts as music, drama, speech, and other cultural events. The community could use the auditorium for public forums and meetings of neighborhood boards, youth groups, and other service organizations. In sum, a facility of this type would serve the various needs of the growing population of the Kona area in many ways.

Unfortunately, the considerable demand for classroom construction in the public school system has relegated auditorium construction to a low priority. Non-traditional methods of financing must be sought. As such, this concurrent resolution urges the Department of Education to explore such financing alternatives by:

- (1) Raising community awareness and catalyzing community support;
- (2) Encouraging developers, businesses, landowners, and other private sector organizations to participate and contribute to its construction;
- (3) Developing innovative financing proposals involving both public and private efforts toward construction; and
- (4) Engaging in any other activity to demonstrate in the community the leadership to develop an auditorium.

Your Committee on Education 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.

SCRep. 2991 Health on H.C.R. No. 284

The purpose of this concurrent resolution is to request the Legislative Auditor to conduct a comprehensive financial, program, and management audit of the Emergency Medical Services Program of the Department of Health.

Emergency medical services are currently provided by different entities through contracts with the Department of Health, which has raised questions regarding the differences in quality and costs of service delivery from county to county. However, since the inception of the State Comprehensive Emergency Medical Services System in 1978, there has been no financial, program, or management assessment of the system, except through budgetary and legislative reviews.

This concurrent resolution requests information relating to the efficiency and efficacy of the System as it is currently established which will help the Legislature in its consideration of future options.

Your Committee has amended this concurrent resolution as follows:

- (1) Deleted the second and third "WHEREAS" clauses;
- (2) Added the word "program" to the eighth "WHEREAS" clause of the concurrent resolution as received, for the purpose of clarity;
- (3) Deleted the request that the Legislative Auditor ascertain whether or not the program is meeting statutory intent in the "BE IT RESOLVED CLAUSE"; and
- (4) Deleted the request that the Legislative Auditor examine the criteria for selecting contractors.

Your Committee on Health concurs with the intent and purpose of H.C.R. No. 284, 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. 284, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Solomon.

SCRep. 2992 Tourism and Recreation on H.C.R. No. 381

The purpose of this concurrent resolution is to have the legislative auditor conduct a review of the existing formula and use restrictions on transient accommodations tax revenues to allocate funds for infrastructure and tourism-related activities, and to formulate an equitable method for allocating revenues from the transient accommodations tax.

Your Committee has amended the concurrent resolution by:

- (1) Adding a new "Whereas" paragraph on page 1 relating to the clearly expressed legislative intent of Act 340, Session Laws of Hawaii 1986, that a portion of the transient accommodations tax revenues be appropriated for, among other things, grants to the counties for the construction of recreational and other infrastructure;
- (2) Deleting the first six "Be It Further Resolved" clauses and adding a new clause which requires the legislative auditor to use generally accepted accounting principles and other appropriate factors in formulating an equitable formula for the allocation of transient accommodations tax revenues; and
- (3) Making technical, nonsubstantive changes for the purpose of style.

It is the intent of your Committee that the legislative auditor be afforded a wide latitude in determining which factors should be used to arrive at a fair and reasonable formula for the allocation of transient accommodations tax revenues. The concurrent resolution, as received, restricted the legislative auditor to consider and use certain specific factors which would preclude the use of other appropriate factors. Your Committee believes that although those factors may be justified, it is better to allow the legislative auditor to reach an independent conclusion.

Your Committee on Tourism and Recreation concurs with the intent and purpose of H.C.R. No. 381, 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. 381, S.D. 1.

Signed by all members of the Committee except Senator Nakasato.

SCRep. 2993 Consumer Protection and Commerce on H.C.R. No. 224

The purpose of this concurrent resolution is to request the Insurance Commissioner and the Hawaii Life and Disability Insurance Guaranty Association to report on the nomination and selection procedures utilized by the Board of Directors of the Association and the procedures followed by the Insurance Commissioner in approving or appointing members to the Board.

The Hawaii Life and Disability Insurance Guaranty Association protects insureds against failure of an insurance company to meet contractual obligations because of impairment or insolvency. All insurers are required to be members; however, over the years it has devolved that four companies have maintained control over the Association and will most likely continue to do so because they control the nominating committee which dictates who the board members will be.

This concurrent resolution requests information regarding the details of the nominating and appointing procedures to help the Legislature determine whether intervention is necessary to assure equal representation on the Board of Directors.

Your Committee has amended this concurrent resolution by requesting the Insurance Commissioner to comment on the nomination and selection procedures utilized by the Board and the approval or appointment procedures utilized by the Insurance Commissioner. Your Committee has also made technical changes which have no substantive effect.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of H.C.R. No. 224, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 224, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senators Aki, Tungpalan and A. Kobayashi.

SCRep. 2994 Transportation on S.R. No. 149

The purpose of this resolution is to request the Department of Transportation (DOT) to reduce parking fees at all state airports.

Revenues derived from parking fees and concessions at state airports have risen steadily over past years. The Duty Free concession alone will generate \$1.5 billion within the next five years. In consideration of this fact, your Committee finds that revenues from parking fees, although substantial, are not critical to maintaining the Airport Special Fund. As such, airport parking patrons, should be afforded some relief from the rising cost of airport parking.

This resolution seeks to help airport parking patrons by requesting the DOT to reduce parking fees at all state airports.

Your Committee has amended the resolution by:

- 1) Requesting the DOT to freeze increases rather than reduce airport parking fees;
- 2) Requesting the DOT to conduct a study of current and past revenues generated from airport parking fees;
- 3) Requesting submission of the study to the Legislature no later than twenty days prior to the convening of the 1989 Regular Session; and

4) Amending the title to reflect the above changes.

Your Committee on Transportation 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 except Senators Menor, Tungpalan and Reed.

SCRep. 2995 (Joint) Military and Civil Defense and Government Operations on S.R. No. 156

The purpose of this resolution is to respectfully urge the United States Senate to act expeditiously to ratify the Intermediate-range Nuclear Forces (INF) Treaty.

On December 8, 1987, a Treaty between the United States and the Soviet Union was signed to eliminate the intermediate-range and shorter range missiles. This treaty, known as the INF (Intermediate-range Nuclear Forces) Treaty, is an important step towards slowing the nuclear arms buildup and building a more peaceful relationship between the two countries.

Your Committees find that this historic event represents a landmark in post-war history because, unlike treaties of the past that attempted to control arms by establishing ceilings for new weapons, it is an arms reduction agreement. Further, the INF Treaty lessens the threat of war without sacrificing NATO's ability to respond to any form of aggression and has the full support of the United States' allies.

Your Committees on Military and Civil Defense and Government Operations concur with the intent and purpose of S.R. No. 156 and recommend its adoption.

Signed by all members of the Committees except Senator Fernandes Salling.

SCRep. 2996 Military and Civil Defense on H.C.R. No. 19

The purpose of this concurrent resolution is to request Congress to establish a Veterans Administration Hospital in Hawaii.

Although there are over 100,000 veterans residing in Hawaii, representing approximately one-tenth of the State's total population, Hawaii is one of two states which do not have a Veterans Administration Hospital.

Your Committee received testimony from the Department of Health stating that the establishment of a Veterans Hospital in Hawaii would vastly strengthen the veterans services presently available in the State. Often, there is a need to have dedicated health care facilities available to provide back-up services and support to outpatient and other clinical services. The establishment of a Veterans Hospital would fill this need.

Further, a Veterans Hospital would not only provide good inpatient care for our deserving veterans, but also care which is customized to their special needs. This type of care is not always available at other health care facilities in the State.

Finally, a Hawaii Veterans Hospital would serve as an ideal base for out-reach services for veterans residing in the Pacific Basin region.

Your Committee also received testimony from the Governor's Veterans Employment Advisory Council, the Executive Office on Aging, and the Administrative Assistant for Veterans Affairs, Office of the Governor in support of this concurrent resolution.

Your Committee has amended the concurrent resolution to transmit certified copies to the Chairperson of the U.S. Senate Appropriations Committee, the Director of the Veterans Administration, and veterans organizations in Hawaii, and to make minor language changes which have no substantive effect.

Your Committee on Military and Civil Defense concurs with the intent and purpose of H.C.R. No. 19, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 19, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 2997 Agriculture, Energy and Ocean Resources on H.C.R. No. 23

The purpose of this concurrent resolution is to identify the needs of Pacific Rim countries with regard to renewable energy systems.

This concurrent resolution requests the Department of Business and Economic Development, in cooperation with the appropriate agencies, to conduct a study to identify the needs of Pacific Rim countries with regard to their renewable energy potential. The study is also directed to include, but not be limited to, an assessment of the existing energy opportunities in Hawaii and specific recommendations for initiatives or strategies that the State should take to utilize and promote existing technology in this field.

Your Committee received favorable testimonies from the Hawaii Natural Energy Institute of the University of Hawaii and the Department of Business and Economic Development. The proposed study will provide an analysis of the potential of the various resources and ways by which Hawaii could assist in developing these resources. Hawaii has an opportunity

to become an exporter of these renewable energy technologies, offering economic development opportunities as well as a means of strengthening Hawaii's unique role in the Pacific Basin.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 23 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 2998 Agriculture, Energy and Ocean Resources on H.C.R. No. 82

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to study the use of ethanol as an alternate energy source for the State.

The study would address the feasibility of using ethanol blended fuels in state owned vehicles, and include market development, and financial and investment strategies for increased production and use of ethanol fuels.

Testimonies in support of this concurrent resolution were received from the Department of Accounting and General Services, the Department of Business and Economic Development, and from the Hawaiian Sugar Planters' Association.

Your Committee finds that increased production and use of locally produced fuel ethanol, if feasible, could help achieve two State goals:

- (1) Reducing the State's dependency on imported fossil fuels, by utilizing a locally produced renewable alternate energy source, ethanol; and
- (2) Maintaining an economically sound sugarcane industry, by creating a market for the higher valued sugarcane co-product ethanol.

Your Committee also finds that Legislative Reference Bureau Report No. 9, 1987 entitled, "The Sugar Industry in Hawaii: An Action Plan," prepared pursuant to 1987 H.R. No. 216 recommends that the proposed study be undertaken.

Your Committee has amended the concurrent resolution by replacing the Legislative Reference Bureau with the Department of Business and Economic Development as the agency responsible for the study. Additionally, your Committee has amended the concurrent resolution by adding the words "of a substantial number" following the words "use and maintenance" in the last WHEREAS clause.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 82, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 82, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 2999 Agriculture, Energy and Ocean Resources on H.C.R. No. 89

The purpose of this Concurrent Resolution is to request the United States Congress to appropriate funds for the development of technology to allow for the effective utilization of ocean resources.

Your Committee received supporting testimonies from the Department of Business and Economic Development and the Hawaii Natural Energy Institute of the University of Hawaii and finds that the need to develop technology to utilize ocean resources is imperative and that federal funding is needed to spur development.

Your Committee has amended this Concurrent Resolution by adding the words "the Senate concurring" to the "BE IT RESOLVED" clause and by making technical changes which have no substantive effect.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 89, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 89, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 3000 Agriculture, Energy and Ocean Resources on H.C.R. No. 207

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources to designate a site on Oahu as an Artificial Reef Zone where the taking of all marine life would be prohibited so that artificial reef designs can be tested.

Your Committee received supporting testimonies from the Department of Land and Natural Resources, the Department of Transportation, and the Environmental Center of the University of Hawaii, and finds that designation of an Artificial Reef Zone would be consistent with state and legislative policies relating to the economy, the visitor industry, recreation, and education. Ultimately, the Artificial Reef Zone as well as a Marine Life Conservation District should be established through the administrative public hearing process if the people of Hawaii offer their acceptance and support.

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.

SCRep. 3001 Human Services on H.C.R. No. 235

The purpose of this concurrent resolution is to urge Hawaii's congressional delegation to work to enact legislation providing Aid to Families with Dependent Children (AFDC) recipients opportunities to achieve economic self-sufficiency through welfare reform.

The purpose of the AFDC Program is to provide assistance to families to maintain and strengthen family life and to help parents obtain or retain the capability for maximum self-support in order to achieve economic independence. Economic independence is promoted by welfare reform that emphasizes work and training components and provides transitional assistance to families to obtain and maintain employment. Transitional assistance while preparing for, obtaining, and maintaining employment encompasses child care, medical assistance, and case management services.

Welfare reform, to succeed, requires maintaining the quality of life while working towards improving it. With this purpose in mind, this concurrent resolution urges Hawaii's congressional delegation to enact legislation which will provide to AFDC recipients the following:

- (1) Participation in education;
- (2) Training and job placement;
- (3) Child care allowance for parents in training;
- (4) Targeting the hard core unemployed;
- (5) Transitional child care and medical assistance for one year;
- (6) Implementation of demonstration projects; and
- (7) Comprehensive case management services.

Your Committee on Human Services concurs with the intent and purpose of H.C.R. 235, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3002 Transportation on S.R. No. 70

The purpose of this resolution is to request the Department of Transportation to relocate Oceania Floating Restaurant away from the Honolulu waterfront and to report to the Legislature what actions are needed including the purchase cost, the relocation expenses, and the legal and financial implications.

Oceania Floating Restaurant, once a Hawaii landmark, is now closed and taking up space which eventually will have to be used to fulfill waterfront development objectives in the immediate vicinity. Your Committee finds that it is in the public interest to move the Oceania Floating Restaurant somewhere not within the present Honolulu Waterfront Redevelopment Area.

Your Committee received supporting testimony from the Department of Transportation and finds that the Oceania is occupying valuable pier space which could be used for revenue-generating purposes. However, it would be more appropriate to investigate the implications of the suggested move and report findings to the Legislature than to move the Oceania at this time. Therefore, your Committee has amended the resolution and its title to reflect a request of the Department of Transportation to determine the feasibility of relocating the restaurant.

Your Committee on Transportation concurs with the intent and purpose of S.R. No. 70, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 70, S.D. 1.

Signed by all members of the Committee except Senators Chang, Yamasaki and George.

SCRep. 3003 Government Operations on S.R. No. 224

The purpose of this resolution is to advance the general proposition that "residents and citizens of the State of Hawaii should not be subjected to trial and imprisonment for acts of non-violent civil disobedience undertaken on those lands held in 'special trust' for the benefit of the people of Hawaii where the federal governments (sic) holds but a 'naked title'" and to request that Senator Daniel K. Inouye "intercede with the Honorable Spencer Williams, Judge of the Northern District of California, to reduce the sentence of James Albertini."

Your Committee received testimony in support of the reconsideration of Mr. Albertini's sentence and also for allowing non-violent civil disobedience on Section 5(f) lands. Your Committee sees no logical reason to treat Section 5(f) lands differently than any other land in this State, for purposes of the application of all laws. Nor does your Committee feel it is appropriate to single out Senator Inouye and suggest he undertake a particular action which is not legislative in nature.

Your Committee, however, finds that there was a humanitarian motive in the introduction of this resolution and is willing to affirmatively address that aspect. Therefore, the resolution has been amended to support the reconsideration of Mr. Albertini's sentence on equitable and humanitarian grounds.

It is not the intention of this resolution, as amended, to disagree with the jury's finding of guilt or with the sentence, as of the time it was imposed. Clearly, Mr. Albertini intentionally violated 33 U.S.C. §1232(b)(1). Equally clear, for reasons of personal conscience, Mr. Albertini chose to limit the Judge's sentencing options.

However, due to new information and changed circumstances, it is an appropriate time to reassess the sentence, in light of both legal and equitable principles.

To reflect the narrower scope of the amended resolution, the title has been shortened to read: "SENATE RESOLUTION CONCERNING JAMES ALBERTINI."

Your Committee on Government Operations concurs with the intent and purpose of S.R. No. 224, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 224, S.D. 1.

Signed by all members of the Committee except Senator Cobb.

SCRep. 3004 Corrections on S.R. No. 78

The purpose of Senate Resolution No. 78 is to request the Committee on Corrections to conduct a hearing during this Regular Session of 1988 on the morale problems within the Department of Corrections and to submit a report of its findings and recommendations to the Senate prior to the adjournment of the 1988 Regular Session.

Your Committee held a public hearing on March 24, 1988, and received written testimony from the Department of Corrections and oral testimony from many adult corrections officers (ACOs) and other personnel of the Department of Corrections. The findings and recommendations of your Committee which evolved from that hearing are presented herein.

Background

The state corrections system has been distressed for over a decade primarily as a result of the overcrowding of correctional facilities which occurred while the new community correctional centers were under construction in the early 1970's. The inmate overcrowding has led to stress not only among the inmates, but also among the corrections personnel, especially the ACOs, who are on the front line with the inmates on a daily basis. The field of corrections is unattractive since it entails working with convicted criminals who are perceived as dangerous and intimidating, and the salary levels are considered low for the risk and stress involved. Over the years morale has worsened because of the difficulty in recruiting and retaining experienced personnel and there have been charges of favoritism in the treatment of staff and inmates by correctional supervisors and the presence of corrupt and unethical conduct within the correctional facilities.

In recent years, the Legislature has made major commitments of resources to improve the corrections system including, among other things, the construction of the Halawa Medium Security Facility and establishment of a separate Department of Corrections. Your Committee has been concerned that the staff morale problem which has been lingering for many years could undermine all other efforts of the Department and the Legislature to improve conditions in the State's correctional facilities.

Summary of Testimonies

Your Committee's hearing presented an opportunity for corrections personnel and administrators to discuss staff morale problems in a neutral setting where fears of reprisal could be allayed. The testimony of the Department of Corrections was the only written testimony submitted to the Committee. All other testimonies were presented extemporaneously by various corrections personnel present at the hearing. According to the testimonies presented, the factors that contribute to the staff morale problem include:

- (1) Sexual harassment;
- (2) Absence of a code of ethics which would control unprofessional fraternization between supervisors and ACOs and between correctional personnel and inmates;
- (3) Harassment or even outright retaliation against prison guards who register complaints against other officers;
- (4) Lack of attentiveness or responsiveness on the part of correctional administrators in addressing grievances and complaints from correctional personnel;
- (5) Indecisive and incompetent leadership from certain correctional administrators and supervisors;
- (6) Inadequate salary levels for correctional personnel who work under stressful conditions;
- (7) Abuse in the use of overtime;
- (8) Dissatisfaction with the union representing the bargaining unit in which the ACOs are included;
- (9) Poor communication between the ACOs and certain correctional administrators and supervisors; and
- (10) Inadequate progress in encouraging more professionalism in the corrections field.

Following the testimonies of the corrections personnel, the Director of Corrections was asked to respond to the allegations made. The Director stated that "in the majority of cases" he agreed with the concerns expressed by those who

testified and made assurances that the Department is concerned about, and is working toward the improvement of, staff morale.

Findings

Your Committee emphasizes that these findings merely reflect the concerns and views of those who testified at the March 24 hearing and, as such, may not reflect the widespread sentiments of other employees within the corrections system. While your Committee does not believe the findings herein can be construed as conclusive evidence of the management and operational problems within the State's corrections system, it believes that these findings can be useful in guiding the Department in its efforts to improve staff morale and to encourage the development of professionalism within the ranks of corrections personnel.

Your Committee finds that:

- (1) Low staff morale is indeed a problem within the corrections system, especially among ACOs at the Oahu Community Correctional Center (OCCC);
- (2) Low staff morale appears to be attributable primarily to a general feeling by the ACOs that they are not held in high esteem by the higher level management personnel and the inequitable treatment ACOs receive from supervisors who make special accommodations in overtime and job assignments to favored employees, i.e., those with whom the supervisors may have intimate, unprofessional relationships or those who perform special favors for supervisors;
- (3) The Department had drafted a code of ethics in 1985 which established standards of conduct and a disciplinary process but both were invalidated by an arbitration decision resulting from a grievance by the union. The Department has redrafted the code and is now awaiting the union's approval before it can go into effect. The code of ethics should help to indicate clearly to corrections personnel what conduct is acceptable and what conduct is unacceptable in the performance of their duties and provide administrators with a clear authority to take disciplinary action when misconduct occurs;
- (4) Although top level administrators were accused of being too distant from the rank-and-file, most of the problems expressed about management concerned improper conduct stemming primarily from the middle management staff;
- (5) The problems concerning staff morale have been lingering in the corrections system for more than ten years and the new Director of Corrections has only been on the job for a little less than a year;
- (6) There is insufficient upward mobility for corrections personnel, especially the ACOs, and the training program is inadequate to prepare ACOs and supervisors in the proper performance of their duties; and
- (7) The salary levels of correctional employees are low and this problem has contributed to low staff morale in many ways. The Department continues to experience problems in recruiting and retaining experienced personnel as many employees move on to better paying jobs in more pleasant environments. Moreover, the use of overtime to remedy manpower shortages has gotten out of control as many ACOs depend on overtime compensation as a regular supplement to their take home pay and some supervisors are inclined to assign favored employees to more overtime work.
- (8) Overtime is a serious problem within the corrections system. Overtime costs for fiscal year 1987 amounted to \$4,164,431 of which \$3,600,238 was expended at the OCCC alone.
- (9) Rampant overtime use is symptomatic of poor management and personnel deployment practices. In a report by James D. Henderson, a criminal justice consultant retained by the Department to conduct a standard security staffing assessment of all the Department's institutions, it was stated that "...correctional manpower management in the Hawaii system is among the worst the Consultant has ever seen". Mr. Henderson recommended, among other things, that immediate steps be taken to curb rampant overtime use and implement improved management controls over available manpower.
- (10) Drug abuse and gambling activities within correctional facilities are not pervasive and occur only in isolated instances. The OCCC which experienced extensive problems in the past is believed to be safer and more drug-free today.

In view of these findings, your Committee believes that the Department of Corrections should be formally advised of the Senate's concerns and the types of actions required of the Department to address these concerns. Since your Committee has fulfilled the directives in this Resolution by the conduct of the March 24 hearing and the submission of this report, your Committee has amended the Resolution for the purposes of encouraging the Department of Corrections in its efforts to improve the corrections system and making specific recommendations as to the direction in which the Senate would like the Department to proceed.

The Resolution, as amended, reflects your Committee's opinion that the staff morale problem in the corrections system is essentially a personnel relations and management problem. While your Committee agrees with the Department that when a code of ethics is adopted and the employee training program is expanded and improved, there should be more professionalism among corrections personnel and staff morale should improve, your Committee also believes that there is a critical need for forceful and decisive leadership and the development of a sense of esteem among the ACOs. In this regard, your Committee believes that the Director should not adopt a strict "chain-of-command" approach in which there is total reliance on correctional administrators and supervisors as the sources of information regarding problems and needs within the State's corrections system. Corrections administrators should employ a more "hands on" approach in the

management of corrections and should encourage more open and frequent communication between the management staff and the rank-and-file. Your Committee is of the opinion that corrections, being a field involving the oversight of a unique community of societal outcasts in a highly stressful environment, cannot be administered effectively without appropriate consideration of the human factors. While monetary incentives may encourage individuals to choose a career in corrections, such considerations alone will not be sufficient for many individuals to remain in the field. Corrections personnel, perhaps more than personnel in other fields, need to be recognized for the critical role they play in society and should be afforded more opportunity to participate in the decision-making process. There is no greater motive to leave a job than to feel that your bosses do not appreciate your work or care about your professional opinion.

Your Committee 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.

SCRep. 3005 Transportation on H.C.R. No. 61

The purpose of this concurrent resolution is to request Congress to enact Federal legislation that will require the Federal Aviation Administration (FAA), to: 1) develop specific noise and safety related flight regulations for helicopters flying over residential areas; and 2) develop a land use compatible altitude and flight path system for helicopter operations which specifically recognizes the rights of citizens to enjoy privacy without undue intrusion from the air.

Your Committee finds that there are no Federal or State laws or regulations governing helicopter operations such as minimum altitudes, flight paths, and time schedules for helicopters, with the exception of rules and regulations governing approach and landing at major air facilities. As a result, the helicopter industry is left to regulate itself.

Your Committee also finds that low altitude flights by helicopters pose a safety hazard to passengers as well as residents, and that the high noise levels which helicopters emanate invade the privacy of residential areas.

Your Committee received testimony from the Department of Transportation (DOT) in favor of this concurrent resolution. The DOT recommended that the concurrent resolution be amended to include wilderness and park areas because many of the complaints relating to helicopter activities are directed at sightseeing flights over these areas. Your Committee finds that the concurrent resolution adequately addresses the concern, however, in order to further clarify the concern, your Committee has amended the language pertaining to wilderness areas.

Your Committee on Transportation concurs with the intent and purpose of H.C.R. No. 61, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 61, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senators Menor, Tungpalan and Reed.

SCRep. 3006 Housing, Hawaiian Programs and Natural Resources on H.C.R. No. 167

The purpose of this concurrent resolution is to encourage the federal government to help alleviate the problem of housing in this State by releasing some of its land for the purpose of providing civilian housing.

There are approximately 125,000 military personnel and their dependants in this State, with approximately 19,000 housing units for them. This lack of military housing has forced thousands of armed forces personnel and their dependents to live in the civilian community.

Hawaii faces one of the worst housing shortages in the nation, which is augmented by the need for military housing. The release of land by the federal government would be beneficial to both the military and the State by providing needed space to develop appropriate housing for everyone.

Your Committee has amended this concurrent resolution by making technical changes which have no substantive effect and by clarifying in the "BE IT RESOLVED" and "BE IT FURTHER RESOLVED" clauses that this measure is a concurrent resolution.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of H.C.R. No. 167, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 167, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 3007 Housing, Hawaiian Programs and Natural Resources on H.C.R. No. 162

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to conduct a study that examines the portion of the population which is made up of persons whose racial extraction is at least 50 percent Hawaiian.

This study will (1) determine how many native Hawaiians are eligible for Hawaiian Home Lands benefits and other programs for Hawaiians; (2) help to determine if there is a need to reduce or remove the Hawaiian blood quantum for Hawaiians to receive the benefits; (3) provide a means to evaluate the possible repercussions that may result from a reduction or removal of the Hawaiian blood quantum restriction; (4) examine the legal, financial, trust, and land implications; and (5) identify alternate solutions.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of H.C.R. No. 162 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 3008 Housing, Hawaiian Programs and Natural Resources on H.C.R. No. 179

The purpose of this concurrent resolution is to request that the United States Army allow joint use of ceded lands in Lualualei for agricultural purposes by native Hawaiians and the general public.

When Hawaii became a state in 1959, the federal government returned to Hawaii most of the ceded lands turned over to the United States at the time of annexation. The United States held on to some lands, but the State was given title to the ceded lands in the Admission Act for the purposes of:

- (1) The support of public schools and other educational institutions;
- (2) The betterment of conditions of native Hawaiians;
- (3) Development of farm and home ownership on a widespread basis;
- (4) Making public improvements; and
- (5) Providing lands for public use.

Currently, about 3,700 acres of ceded lands are in military use in Naval Magazine Lualualei (West Loch Branch) for storage facilities and ammunition wharves for receiving and shipping ordinance and commercial explosives, but the Waikole Branch of Lualualei, consisting of about 500 acres, has been considered for eventual release to State control from as long ago as 1983. Your Committee finds that it is consistent with the intent of the Admission Act that the joint use of these ceded lands, by the United States military and by native Hawaiians or the general public, if possible, should be encouraged.

Your Committee has amended the concurrent resolution by requesting that native Hawaiians be granted first preference to use of the lands 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 H.C.R. No. 179, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 179, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 3009 Housing, Hawaiian Programs and Natural Resources on H.C.R. No. 305

The purpose of this concurrent resolution is to determine the extent of speculation in the Hawaiian real estate market and examine possible solutions to any negative impact it may present.

Your Committee is cognizant of widespread public concern about foreign investment. However, your Committee also recognizes that Hawaii has characteristically depended on foreign investment for its economic well-being and even now actively encourages investment in order to improve its economic base and create a diversity of jobs for its residents. Therefore, it is important to balance inflammatory rhetoric with a cool, objective look at the differences between investment and speculation, and seek to find appropriate policies to guide us through these rapidly changing times. This concurrent resolution will help the Legislature to determine what, if any, its role should be to best serve the public interest relating to foreign investment.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of H.C.R. No. 305, H.D. 1, and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 3010 Housing, Hawaiian Programs and Natural Resources on H.C.R. No. 51

The purpose of this Concurrent Resolution is to authorize the Board of Land and Natural Resources (BLNR) to dispose of certain government submerged lands and lands beneath tidal waters by way of an easement for the purposes of constructing certain offshore improvements.

Section 171-53, Hawaii Revised Statutes, requires the prior approval of the Governor and the prior authorization of the Legislature by concurrent resolution before the BLNR may lease submerged lands and lands beneath tidal waters that it deems suitable for reclamation.

The BLNR and the Governor have already approved the disposition by way of a non-exclusive easement for a period of fifty years, over, under, on, and across a 1,726 square feet portion of government submerged land at Kaneohe Bay, and land beneath tidal waters offshore and seaward of parcel TMK 4-6-01:11, situated at Heeia, Koolaupoko, Oahu, Hawaii, for pier and boathouse purposes.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of H.C.R. No. 51 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3011 Housing, Hawaiian Programs and Natural Resources on H.C.R. No. 257

The purpose of this concurrent resolution is to request the Legislative Reference Bureau to conduct a study to determine the needs and most effective means for preservation of the Hawaiian language.

This concurrent resolution would provide for the necessary data and subsequent recommendations to move toward a master plan for promotion and maintenance of the language, and recommendations for enabling legislation.

The Hawaii State Constitution was amended in 1978 to establish the Hawaiian language as one of two official languages in the State. The preservation of the living Hawaiian language is a major contributing factor to the enhancement of the local economy and the survival of Hawaii's unique indigenous culture and unless the State of Hawaii exercises its leadership and full legal authority, there is a real threat of extinction of the native language by the 21st century.

Your Committee received supporting testimony by the Assistant Vice President for Academic Affairs of the University of Hawaii, the Office of Hawaiian Affairs, the Superintendent of Education, and Kekuni Blaisdell, Acting Interim Director of the Center for Hawaiian Studies, and finds that the study requested in this measure will provide valuable information and enhance efforts by the State, the academic and teaching community, and the private sector to preserve the Hawaiian language.

In addition, your Committee received supporting testimony from Larry L. Kimura, Assistant Professor of Hawaiian at the University and Dr. William H. Wilson, Chairman of the Department of Hawaiian Studies at the University, both of whom emphasized that the study proposed by this concurrent resolution is the correct course of action to forestall premature legislative intervention and ensure that any future legislative action is sensitive to local conditions.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of H.C.R. No. 257 and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 3012 Housing, Hawaiian Programs and Natural Resources on H.C.R. No. 178

The purpose of this concurrent resolution is to request that the United States Army allow joint use of ceded lands in Makua Valley for agricultural purposes by native Hawaiians and the general public.

When Hawaii became a state in 1959, the federal government returned to Hawaii most of the ceded lands turned over to the United States at the time of annexation. The United States held on to some lands, but the State was given title to the ceded lands in the Admission Act for the purposes of:

- (1) The support of public schools and other educational institutions;
- (2) The betterment of conditions of native Hawaiians;
- (3) Development of farm and home ownership on a widespread basis;
- (4) Making public improvements; and
- (5) Providing lands for public use.

Currently, more than three thousand acres of ceded lands in Makua Valley are being used solely by the United States military. Your Committee received supporting testimony from the Department of Land and Natural Resources and the Office of Hawaiian Affairs, and finds that it is consistent with the intent of the Admission Act that the joint use of these ceded lands, by the United States military and by native Hawaiians or the general public, if possible, should be encouraged.

Your Committee has amended the concurrent resolution by:

- (1) adding the words "as a first preference" to the "BE IT RESOLVED" clause, thereby giving native Hawaiians first preference to use of the lands; and
- (2) making clarifying language changes in the second, fourth and fifth "WHEREAS" clauses which have no substantive effect.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of H.C.R. No. 178, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 178, S.D. 1.

Signed by all members of the Committee.

SCRep. 3013 Housing, Hawaiian Programs and Natural Resources on Gov. Msg. Nos. 206 and 303

Recommending that the Senate advise and consent to the nominations of the following:

EDWARD CLAYTON STEVENSON and GEORGE YOKOYAMA to the Hawaii Housing Authority, for terms ending June 30, 1992; and

HERBERT K. APAKA JR., to the Board of Land and Natural Resources, for a term ending June 30, 1992.

Signed by all members of the Committee.

SCRep. 3014 Government Operations on H.C.R. No. 104

The purpose of this concurrent resolution is to request that the state obtain title to the portion of Jarrett White Road which is currently under private ownership and make traffic improvements to increase safety.

Your Committee considered testimony from the Department of Transportation, the Department of Transportation Services of the City and County of Honolulu, the district's Councilmember, and former Representative Rey Grauly, and finds that if the State acquires title to the property and makes the necessary improvements, such as adding guard rails and erecting a traffic signal, the City and County may be willing to accept transfer of the portion of Jarrett White Road.

Your Committee on Government Operations concurs with the intent and purpose of H.C.R. No. 104, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3015 Government Operations on H.C.R. No. 143

The purpose of this concurrent resolution is to urge the United States Postal Service to make the final selection of, and provide funds for, a permanent site for the Aiea Post Office as soon as possible.

Your Committee considered testimony from Neighborhood Board No. 20 and finds that the population of Aiea, which is currently served by a post office designed to handle a much smaller number of postal patrons, requires a facility capable of accommodating the needs of a community of more than 40,000 people. The design of the new facility should reflect the parking needs and traffic flow of its location, in order to avoid the hazardous traffic conditions and inadequate parking at the present post office.

Your Committee on Government Operations concurs with the intent and purpose of H.C.R. No. 143, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3016 Government Operations on H.C.R. No. 194

The purpose of this concurrent resolution is to endorse the Amnesty International's campaign marking the fortieth anniversary of the Universal Declaration of Human Rights.

The Universal Declaration of Human Rights represents the general statement of intent by member states of the United Nations to honor the human rights of their citizens. Amnesty International and other human rights groups continue to monitor torture, executions, unfair trials, disappearances, detention without due process, and other instances of human rights violations by governments against their citizens. With the advent of the fortieth anniversary of the Universal Declaration of Human Rights, Amnesty International will initiate a campaign for human rights by appealing to all governments throughout the world.

Your Committee on Government Operations concurs with the intent and purpose of H.C.R. No. 194 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3017 Government Operations on H.C.R. No. 238

The purpose of this concurrent resolution is to urge Japan to abolish its discriminatory practice of fingerprinting lifelong residents of Japan who are ethnic minorities.

Currently, all residents who are ethnic minorities are required to be fingerprinted and are treated like foreigners, even if they were born in Japan and lived there since birth. This requirement particularly affects Japanese residents of Korean descent who are denied Japanese citizenship unless they officially surrender their Korean names and are registered in the koseki tohon system. This discriminatory requirement is contrary to the Covenant on Human Rights to which Japan is a signatory. Ronald Fujiyoshi, a Hawaii citizen, has been a leading figure in opposing this discriminatory requirement.

Your Committee on Government Operations concurs with the intent and purpose of H.C.R. No. 238, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3018 Tourism and Recreation on H.C.R. No. 211

The purpose of this concurrent resolution, as received, is to request the department of transportation to conduct a feasibility study on creating a state ocean rangers program, as well as to consider the feasibility of establishing a separate division for marine enforcement within the ocean rangers program.

Your Committee finds that in order to conform with the intent of the concurrent resolution, as received, the cooperation of the department of land and natural resources is required due to certain conflicts in ocean-related jurisdictional authority between the two departments. Accordingly, your Committee has amended the concurrent resolution to request the cooperation of the department of land and natural resources in the study, and replacing the second and third "BE IT FURTHER RESOLVED" clauses with a new clause which calls for a proposed organizational structure of the ocean rangers program. Your Committee believes that the concurrent resolution, as amended, retains the spirit, intent, and purpose of the concurrent resolution, as received, and merely clarifies the scope of the study.

Your Committee has also made technical, nonsubstantive changes for purposes of style and clarity.

Your Committee on Tourism and Recreation concurs with the intent and purpose of H.C.R. No. 211, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 211, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Solomon.

SCRep. 3019 (Joint) Health and Consumer Protection and Commerce on H.C.R. No. 142

The purpose of this concurrent resolution is to request the Department of Health and the Department of Commerce and Consumer Affairs to study the need for regulation of the administration of anesthesia in settings outside of hospitals.

Your Committees find that a growing number of medical procedures are being performed outside hospitals in private physicians' offices and that often these procedures involve the administration of anesthesia. Unlike the situation in hospitals and ambulatory surgery centers, the administration of anesthesia in private settings is unregulated and the equipment is not subject to regular inspection or maintenance. While the nurse-anesthesiologists who administer the anesthesia are certified, the physicians who supervise them in private settings may not be specialists in anesthesia, an extremely complex specialty.

Your Committees received supporting testimony from the Hawaii Nurses Association and the Department of Health and find that there is a need to study unregulated administration of anesthesia.

Your Committees intend that the Department of Health shall be the lead agency in this study and the Department of Commerce and Consumer Affairs shall provide assistance as needed.

Your Committees on Health and Consumer Protection and Commerce concur with the intent and purpose of H.C.R. No. 142 and recommend its adoption.

Signed by all members of the Committees except Senator Aki.

SCRep. 3020 Health on H.C.R. No. 240

The purpose of this Concurrent Resolution is to request the Department of Health to study the need to license and regulate hospices in Hawaii.

Your Committee received supporting testimony from the Director of Health and Hospice Hawaii and finds that the Department of Health currently does not have the authority to license hospices. Your Committee further finds that since demand for hospice care is likely to increase, licensure of hospice facilities will be needed and the Department needs to develop appropriate legislation for submission to the 1989 Legislature.

Your Committee has amended this Concurrent Resolution by correcting a typographical error in the third "WHEREAS" clause and changing the reference to the "Director of the Department of Health" in the second "BE IT FURTHER RESOLVED" clause to read "Director of Health," in accordance with recommended drafting style.

Your Committee on Health concurs with the intent and purpose of H.C.R. No. 240, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 240, S.D. 1.

Signed by all members of the Committee.

SCRep. 3021 Health on H.C.R. No. 294

The purpose of this Concurrent Resolution is to request the Department of Health to develop and actively support a legislative package for the 1989 Regular Session which advances and seeks to achieve the 1990 Health Objectives which were developed by the 1985 Governor's Conference on Health Promotion and Disease Prevention.

The Concurrent Resolution also requests that the legislative package include applicable Departmental administrative procedures that would advance the 1990 Objectives. In addition, the Department is requested to support any other legislation which would address the 1990 Objectives, and expand its health promotion efforts by increasing the amount of budgeted resources allocated to health promotion and disease prevention programs and services.

Your Committee finds that the attainment of Hawaii's 1990 Health Objectives has been a stated priority of the Department of Health ever since the initial Governor's Conference on Health Promotion and Disease Prevention in 1985. Approximately 300 volunteers have been serving on the Conference's fifteen task forces, and some noticeable advances in

health promotion and disease prevention have been made by the Fourteenth Legislature. Your Committee further finds that the Department is planning to create a Disease Prevention Administration to further enhance the Department's efforts in preventing disease and promoting health throughout the State, thereby increasing services and allotments.

Your Committee has amended this Concurrent Resolution by clarifying in the "BE IT RESOLVED" and the last "BE IT FURTHER RESOLVED" clauses that this vehicle is a Concurrent Resolution, and by making some technical changes which have no substantive effect.

Your Committee on Health concurs with the intent and purpose of H.C.R. No. 294, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 294, S.D. 1.

Signed by all members of the Committee.

SCRep. 3022 (Joint) Transportation and Government Operations on H.C.R. No. 5

The purpose of this concurrent resolution is to urge the United States Department of Justice, Immigration and Naturalization Service (INS) to establish a pre-immigrations inspection station in Japan.

Honolulu International Airport (HIA) is ranked fourth in the United States among International airports in the number of deplaning international passengers. Due to insufficient staffing in the INS and United States Customs stations, visitors are sometimes held as long as ninety minutes on board aircraft after landing.

The State Department of Transportation, in an effort to allow incoming passengers to wait in relative comfort rather than in the aircraft, is in the process of constructing a pre-immigration holding facility. Your Committees find, however, that the concept of pre-inspection, the processing of passenger documents in the country of origin prior to boarding a passenger flight to the United States, would be a more positive step towards alleviating passenger congestion at the airport.

Your Committees find that the majority of Hawaii's international passengers come from Japan. A pre-inspection station in Japan would ease congestion at INS stations at United States airports, especially at HIA.

Your Committees on Transportation and Government Operations concur with the intent and purpose of H.C.R. No. 5, H.D. 1, and recommend its adoption.

Signed by all members of the Committees except Senators Cobb, Holt, Young and Reed.

SCRep. 3023 Culture, Arts and Historic Preservation on H.C.R. No. 191

The purpose of this concurrent resolution is to request the Department of Business and Economic Development to study the feasibility of establishing a performing arts company as a permanent State program to serve as a showcase for the native Hawaiian heritage of the State of Hawaii.

Your Committee believes that a high-quality program which accurately represents our Hawaiian culture would be a valuable ambassador of goodwill for the State and an excellent promotional tool to help Hawaii compete with other tourist destination areas. There is a great deal of exceptional talent available, and a quality program could encourage such talent and promote the development of a rich variety of programs.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of H.C.R. No. 191, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3024 Transportation on H.C.R. No. 54

The purpose of this concurrent resolution is to request the State Department of Transportation (DOT) to conduct a study to ensure the safety of passengers riding in the beds of pick-up trucks, flat bed trucks, or other similar vehicles.

This study is to:

- 1) Include the feasibility of A) requiring seat belt assemblies near the rear of the cab body of these vehicles; B) limiting the number and/or age of passengers on open beds; and C) taking other actions that would contribute to a safer riding environment for truck passengers on open beds; and
- 2) Consider the possible economic hardships that these alternative actions may have on the community.

The DOT, after consultation with the Hawaii Coalition for Safety Belt Use as well as other appropriate agencies/organizations, shall submit a report of its findings and recommendations twenty days prior to the convening of the Regular Session of 1989.

Current laws do not regulate passenger seating in the bed of a pick-up, flat bed truck, or any other similar vehicle. Your Committee finds that traffic fatalities involving passengers in truck beds is likely to increase as the number of pick-up trucks in use increases. This study would be of merit to all departments engaged in the promotion of safety and the reduction of bodily injuries and fatalities due to motor vehicles by providing the necessary information to develop corrective measures to improve safety.

Your Committee on Transportation concurs with the intent and purpose of H.C.R. No. 54, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Cobb, Holt and Reed.

SCRep. 3025 Education on H.C.R. No. 70

The purpose of this concurrent resolution is to request the Department of Education to facilitate the development of an auditorium at Campbell High School.

Campbell High School does not have an auditorium. An auditorium could be used by students to promote and expand participation in such performing arts as music, drama, speech, and other cultural events. The community could use the auditorium for public forums and meetings of neighborhood boards, youth groups, and other service organizations. In sum, a facility of this type would serve the various needs of the growing population of the Ewa Plain in many ways.

Unfortunately, the considerable demand for classroom construction in the public school system has relegated auditorium construction to a low priority. Non-traditional methods of financing must be sought. As such, this concurrent resolution urges the Department of Education to explore such financing alternatives by:

- (1) Raising community awareness and catalyzing community support;
- (2) Encouraging developers, businesses, landowners, and other private sector organizations to participate and contribute to its construction;
- (3) Developing innovative financing proposals involving both public and private efforts toward construction; and
- (4) Engaging in any other activity to demonstrate in the community the leadership to develop construction.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 70, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senator Hee.

SCRep. 3026 Education on H.C.R. No. 144

The purpose of this concurrent resolution is to request a study on providing covered physical education facilities for schools in areas with heavy rainfall.

Physical education plays an important role in the maturation of young people by contributing to their physical, mental, and emotional development. The lack of physical education risks poor health and increases the likelihood of heart disease and other illnesses. Despite Hawaii's year-round warm climate, heavy rainfall on some public schools reduces the amount of physical education activity allotted to children. Therefore, this concurrent resolution urges a study on providing covered physical education facilities at schools affected by heavy rainfall so that physical education activities are not reduced.

Your Committee recommends that the study determine:

- (1) The schools having the greatest need for covered facilities;
- (2) The costs involved in constructing such facilities at the locations identified as being in need; and
- (3) How construction should be phased if moneys are appropriated for this project.

Your Committee on Education concurs with the intent and purpose of H.C.R. No. 144, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senator Hee.

SCRep. 3027 Education on S.R. No. 159

The purpose of this resolution is to request the development of a systematic and comprehensive inservice training program for school level administrators.

Currently, district and state educational officers of the Department of Education attend regional, national, and international conferences and seminars relating to enhancing their professional roles and responsibilities. The information and renewed enthusiasm gained by these attendees should be shared on a larger scale with other school administrators who have limited access to existing inservice training.

Unfortunately, the Department of Education does not have a systematic program to capitalize on the information gained and the enthusiasm renewed by these professional conferences and seminars. This resolution requests the Department to plan and implement a systematic and comprehensive inservice training program to share such information with a larger pool of school level administrators.

Your Committee finds that it is important to continually upgrade the professional skills and talents of school level administrators. Through a systematic and comprehensive program of more intensive participation of school level

administrators at professional conferences and seminars, there will be a wider dissemination of information on how to enhance their professional roles and responsibilities.

Your Committee has amended the resolution by clarifying that the inservice training should focus on the professional improvement of school level administrators. In addition, your Committee amended the resolution to request the Department of Education to include sufficient funds in its executive budget request for fiscal biennium 1989-1991 to carry out the program. Other technical nonsubstantive changes were made for clarification, including changing the word "systemic" to "systematic" in the title to be consistent with the rest of the text.

Your Committee on Education concurs with the intent and purpose of S.R. No. 159, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 159, S.D. 1.

Signed by all members of the Committee except Senator Hee.

SCRep. 3028 Education on S.R. No. 61

The purpose of this resolution is to request the Board of Education to open school libraries during the summer.

School libraries currently are open only during the school year and are closed during the summer. Yet, in many communities and neighborhoods school libraries are more accessible to students than public libraries.

Since 1964, there have been suggestions to greater utilize school libraries. In that year, the Governor's Committee on State Library Resources recommended that the Department of Education should explore making greater use of school library facilities. In 1969, a conference committee report requested the Department of Education to "examine the possibilities of broadening and encouraging the use of public school facilities including libraries after school hours". In 1977, a study by the Legislative Auditor recommended reviewing the hours and use of school libraries with the "objective of ensuring optimal use of collections and facilities".

Again, the Legislature seeks to greater utilize the valuable resources of school libraries and therefore requests that the Board of Education open school libraries during the summer. In considering this request, the Board is also asked to do the following:

- (1) Target the opening of school libraries for the summer of 1989;
- (2) Determine the most cost-effective manner of summer staffing, to include part-time assistants;
- (3) Decide which libraries should be opened, as well as the days and hours;
- (4) Survey what books and other materials should be added to school library collections;
- (5) Adopt an implementation plan for a smooth transition to summer services and then the return to regular school year services; and
- (6) Include appropriate funding in the Department's budget for the 1989-1991 biennium.

Your Committee received supporting testimony for the concept of opening school libraries during the summer to greatly broaden access by students to valuable learning and leisure materials, but because of certain concerns raised, your Committee has amended the resolution as follows:

- (1) Added a recommendation that the Department consult with the school librarians non-governance affiliate of the Hawaii State Teachers Association in developing the implementation plan;
- (2) Amended the clause targeting the opening for the summer of 1989 by "giving initial priority to those schools which will be open for summer school programs"; and
- (3) Made technical non-substantive changes for the purpose of clarity.

Your Committee on Education concurs with the intent and purpose of S.R. No. 61, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 61, S.D. 1.

Signed by all members of the Committee except Senator Hee.

SCRep. 3029 Education on S.R. No. 140

The purpose of this resolution is to request the Department of Education to reevaluate the use of the Hawaii School for the Deaf and Blind.

The Hawaii School for the Deaf and Blind provides specialized education, training, and instruction to Hawaii's deaf and blind. However, in recent years the number of students has declined to twenty-seven and only eight of twenty-two classrooms are being utilized. In light of this declining enrollment, this resolution requests the Department of Education to reevaluate the use of the school in order to better utilize the facilities.

Your Committee finds that it is in the public interest to make the best possible use of the school facilities. The Department's study should focus on suggestions, ideas, options, and proposals for alternative future uses of the campus and its structures while taking into consideration the impact of any changes to the surrounding neighborhood. It should

be clear, however, that notwithstanding the ultimate disposition of the school, the Department of Education will continue to provide educational services to the deaf and blind.

Your Committee on Education concurs with the intent and purpose of S.R. No. 140 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3030 (Joint) Planning and Environment and Transportation on S.R. No. 96

The purpose of this resolution is to direct the Office of State Planning to issue requests for proposals from private consortiums or other interested parties to submit feasibility studies for the development of a franchised or privatization mass transit system.

Your Committees held a hearing on this resolution and received favorable testimony in support of the concept of this resolution. However, there were concerns on the actual implementation of the resolution. The Office of State Planning had reservations regarding the assignment of this request, since the overall responsibility for mass transit for Oahu is presently assigned to the City and County of Honolulu. The Department of Transportation suggested that the State should defer to the county, until they have completed their feasibility study of a rapid transit system.

The Office of the Lieutenant Governor submitted testimony that the State should be cautious in embracing this concept, because of questions arising from private development, such as unknown conditions that may be requested by private developers in exchange for financial funding; development rights of surrounding lands; and air space rights above any mass transit system station.

The Department of Transportation Services (DOTS) of the City and County of Honolulu submitted testimony opposing this resolution, because it may upset, delay and confuse their ongoing conceptual Honolulu Rapid Transit Development Project. Presently, the DOTS is studying the feasibility of constructing a rapid transit system on Oahu, including cost analysis, financial funding, and determination of routes serving Leeward Oahu, the waterfront area and Waikiki. This project is being developed under the guidelines set forth in county, state and federal laws, including the National Environmental Protection Act.

Additionally, the DOTS is investigating the possibility of private developer funding and has solicited responses from any interested parties.

Further, the DOTS stated that the resolution was incorrect by stating that the City and County of Honolulu is unable to commit any funds for a mass transit system and that the federal government is no longer expending any funds to assist in the construction of a mass transit system. The DOTS stated that federal funds are available for new and old mass transit systems, and have been provided in the last fiscal year to St. Louis, Denver, Seattle and Jacksonville for new systems. County funding is still a possibility, and a request may be made after the completion of their project.

Your Committees find that the DOTS is presently conducting a more comprehensive study on a rapid transit system on Oahu, including the concept of privatization or a franchise. It would be repetitious to request the Office of State Planning to conduct the same. However, it would be beneficial to the State if the Legislature had the ability to review any new information that the county may obtain as a result of its project.

Therefore, your Committees have amended this resolution to request the DOTS to submit any final report that may be developed as a by-product of its project, by amending the title and the "BE IT RESOLVED" clause.

Your Committees have further amended this resolution to reflect the above concerns and statements made in reference to county and federal funding.

Your Committees on Planning and Environment and Transportation concur with the intent and purpose of S.R. No. 96, as amended herein, and recommend its adoption in the form attached hereto as S.R. No. 96, S.D. 1.

Signed by all members of the Committees except Senators Chang, Holt and Yamasaki.

SCRep. 3031 (Joint) Transportation and Government Operations on H.C.R. No. 72

The purpose of this concurrent resolution is to protest the federal cutbacks of U.S. Coast Guard services in Hawaii and to request Congressional support for the reinstatement of these funds.

Congress recently cutback approximately \$100,000,000 from the U.S. Coast Guard's operating budget for 1988. This cutback severely thwarts the effectiveness of the Fourteenth Coast Guard District, which serves Hawaii, by reducing its budget by \$500,000.

This means that the Coast Guard will phase-out its search and rescue station at Nawiliwili Harbor, which virtually eliminates any rescue service west of Oahu. Any rescue operation initiated in the Kauai area without the services of the Nawiliwili station will take an aircraft an hour longer and a patrol boat ten hours longer than normally anticipated.

Undoubtedly, statistics which would have been attributable to Nawiliwili rescue station will regrettably change. The 34 lives and the \$9 million worth of property saved by the Nawiliwili station between 1983 and 1987 would more than likely decrease to the detriment of boaters and residents.

This concurrent resolution addresses this important issue by strongly urging Congress to reconsider its decision to cutback funds for the Coast Guard, and to insure that the problem is known and addressed by the federal administration.

Your Committees on Transportation and Government Operations concur with the intent and purpose of H.C.R. No. 72, H.D. 1, and recommend its adoption.

Signed by all members of the Committees except Senators Cobb, Tungpalan and Yamasaki.

SCRep. 3032 (Joint) Tourism and Recreation and Transportation on S.R. No. 178

The purpose of this resolution is to request the Department of Transportation (DOT) to relocate commercial activities at Tunnels Beach to Hanalei, Kauai and requests the Department of Land and Natural Resources (DLNR) to delegate its authority for the Na Pali Zodiac permit to the DOT.

The growing number of commercial boat activities off Kauai's North Shore and the Na Pali Coast have been a concern of the Legislature for several years. The Thirteenth Legislature adopted House Resolution No. 298, H.D. 1, requesting the Director of Transportation to investigate the problems relating to the use of the shorewaters and beaches of the north shore of Kauai and to develop a management plan to ensure their orderly use. The DOT has since located all commercial zodiac activities which fall under its jurisdiction to the Hanalei area to ensure that there is equal treatment of commercial tour boat operators and enforcement of ocean activities.

Your Committees find, however, that Na Pali Zodiac, which was issued a permit by the DLNR and not by the DOT, continues to operate out of Tunnels Beach. Na Pali Zodiac currently receives its permit from the DLNR because of landings it makes at the Na Pali Coast State Park.

Your Committees received testimony from the DOT and DLNR in favor of this resolution. The DOT indicated that procedures for permits at Hanalei are in place and that they are ready to accept the transfer of responsibility for Na Pali Zodiac operations. The DOT and the DLNR stated that they are studying the jurisdictional control over permits for landing along the Na Pali Coast. The DOT further testified that they will seek to relocate Na Pali Zodiac to Hanalei in the near future. The DLNR testified that the regulation of Na Pali Zodiac operations should be under the DOT and that they do not oppose the transfer of authority over the matter if the DOT so chooses.

Your Committees find it appropriate that Na Pali Zodiac should come under the jurisdiction of the DOT, because the DOT has authority over all ocean and navigable water activities in the State.

Your Committees on Tourism and Recreation and Transportation concur with the intent and purpose of S.R. No. 178 and recommend its adoption.

Signed by all members of the Committees except Senators McMurdo, Solomon, Cobb, Holt and Reed.

SCRep. 3033 Higher Education on H.C.R. No. 108

The purpose of this concurrent resolution is to request the Legislative Auditor to study the impact of student parking at the University of Hawaii on the surrounding community.

Parking at the University of Hawaii-Manoa has for some time been a major concern among the residents of the surrounding community and the student population.

Your Committee received supporting testimony from the University of Hawaii and finds that the University has attempted to address the parking problem by implementing short-term solutions such as construction of temporary parking lots. However, other options need to be looked at to determine appropriate permanent solutions, and this concurrent resolution will provide background information needed to make informed decisions.

Your Committee on Higher Education concurs with the intent and purpose of H.C.R. No. 108, H.D. 1, and recommends that it be referred to the Committee on Legislative Management.

Signed by all members of the Committee.

SCRep. 3034 Higher Education on H.C.R. No. 110

The purpose of this concurrent resolution is to request the University of Hawaii Board of Regents to establish a public policy for the acquisition of property in light of the University's Long Rang Development Plan that would expand the Manoa campus.

The concurrent resolution also requests the University to adopt a procedure for notifying residents and elected officials when a property acquisition is being contemplated.

Your Committee received supporting testimony from the University of Hawaii and finds that the University does not have a formal policy on the acquisition of property for implementation of its plan. Articulation of a specific policy would go a long way towards relieving community concerns relating to possible condemnation of property and thus would benefit both the University and the people in affected areas.

Your Committee on Higher Education concurs with the intent and purpose of H.C.R. No. 110, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3035 Higher Education on H.C.R. No. 205

The purpose of this concurrent resolution is to request the University of Hawaii to study the feasibility of establishing an adaptive computer technology education center in the Community College system.

In recent years, the need for computer technology in so many aspects of modern life has developed to the point that post-secondary education would be incomplete for students without computer experience.

Adaptive computer technology has developed specialized customized computer programs to take the place of mechanized devices, thereby improving efficiency, practicality, and cost-effectiveness. This development has made computers more accessible to many students with hearing, vision, or orthopedic disabilities. Your Committee received supporting testimony that having an adaptive computer technology education center in the Community Colleges may provide the necessary support for these individuals.

Your Committee has amended the concurrent resolution by making a technical change which has no substantive effect.

Your Committee on Higher Education concurs with the intent and purpose of H.C.R. No. 205, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 205, S.D. 1.

Signed by all members of the Committee.

SCRep. 3036 Planning and Environment on H.C.R. No. 24

The purpose of this concurrent resolution is to request the Office of State Planning to report to the legislature the State's efforts to improve coordination with the counties for capital improvement planning projects.

The Office of State Planning in the Governor's Office was established in 1987 to be responsible and accountable for carrying out statewide planning programs, policies, and priorities; to improve the efficiency and effectiveness of operations of the executive branch; and to ensure comprehensive planning and coordination to enhance the quality of life of the people of Hawaii. The Office is required to:

- (1) Review, prioritize, and report on capital improvement projects proposed or undertaken by State and county agencies to ensure conformity with statewide planning goals, objectives, and priorities.
- (2) Review, analyze, and report on State and county capital improvement projects which extend over wide geographical areas and have significant impacts on economic development, land use, environmental quality, construction employment, and executive policy directions.
- (3) Review the general and developmental plans of each county to identify statewide interests and to determine the capital improvement project needs of these plans.
- (4) Submit to the legislature a biennial report identifying statewide interests, capital improvement project needs, capital improvement priorities, and the capital improvement projects that the State can reasonably be expected to finance over the period of the six-year capital improvement project forecast.

This concurrent resolution requests that the Office inform the House Committee on Planning, Energy, and Environmental Protection of the Office's efforts to improve state coordination with the counties for capital improvement projects.

Your Committee finds that it is the intent of the legislature to foster better cooperation between State and county agencies planning capital improvement projects through the coordination efforts of the Office of State Planning. It is essential that the Office continually monitor State and county plans and implementation mechanisms which contribute to the planned and orderly growth of Hawaii and that such monitoring be reported back to the legislature in a timely manner. It is not the intention of the Legislature that the State be required to fund CIPs, based on the priorities of the counties or in order of the priority, as recommended by the Office.

Your Committee on Planning and Environment concurs with the intent and purpose of H.C.R. No. 24, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3037 Planning and Environment on H.C.R. No. 288

The purpose of this concurrent resolution is to request a ban on the sale of all nonprecious stony corals in Hawaii.

Marine life is extremely important to the social and economic life of the residents of the State of Hawaii. The preservation of marine life is hinged on a healthy ecosystem which is very interdependent and which is negatively impacted upon by the extensive removal of marine corals. Because stony coral develops slowly, its removal from the reefs detrimentally impacts upon the multitude of fish and other marine life which make their homes amid the stony coral.

In 1987, the estimated annual sales of stony coral approximated \$433,000. Yet, sixty-nine percent of businesses surveyed indicated that prohibiting the sale of nonprecious coral would have little or no effect on their business. The real economic impact is to the rest of the interdependent marine life ecosystem, and particularly to the fishing and diving industries which are important parts of Hawaii's economy and which can be negatively impacted over the long term.

Your Committee finds that because stony coral is so important to the marine life ecosystem and to Hawaii's overall economy it is vital to prohibit its continued sale.

Your Committee has amended the concurrent resolution by:

- (1) Amending the concurrent resolution's title to specify that the Department of Land and Natural Resources (DLNR) be requested to recommend ways to monitor and enforce the law that prohibits the taking of stony coral;
- (2) Stating that the Fourteenth Legislature is intending to adopt into law the banning of taking stony coral;
- (3) Requesting the DLNR to recommend ways to ensure that the law banning the taking of stony coral will not be circumvented, including the possible banning of the sale of all nonprecious stony coral;
- (4) Requesting the DLNR to devise an effective way to enforce the ban, including recommending appropriate penalties; and
- (5) Requesting that the DLNR formulate an education program directed towards visitors and residents on the importance of protecting coral resources.

Your Committee on Planning and Environment concurs with the intent and purpose of H.C.R. No. 288, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 288, H.D. 1, S.D. 1.

Signed by all members of the Committee.

SCRep. 3038 Planning and Environment on H.C.R. No. 332

The purpose of this concurrent resolution is to urge national cooperation in addressing nonpoint source water pollution problems.

Hawaii's waters play a significant role in the State's economy and social life and therefore require a high quality of maintenance. Hawaii's prime water resources are not without problems, including degradation from nonpoint source pollution.

Nonpoint source pollution is pollution from agriculture and construction activities, for example, which results from natural occurrences, such as water runoff and infiltration. It comes from sources which are diffuse and difficult to identify, yet adversely impact surface and coastal water quality.

In 1972, the federal government took action to address water pollution with passage of the Clean Water Act which was intended to restore and maintain water quality. At that time, nonpoint source pollution was recognized as a major water quality problem.

The policy of the State of Hawaii is to promote effective measures to achieve quality surface, ground, and coastal waters. And since the mid-1970's, Hawaii's 208 Water Quality Management Plan has addressed nonpoint source pollution problems within the State.

With the passage of the federal Water Quality Act of 1987, a new emphasis has been placed on implementing nonpoint source pollution control programs by providing federal moneys for implementation of practices to reduce pollution problems. This concurrent resolution further urges a concerted national effort to address nonpoint source pollution. Due consideration should be given to measures which facilitate and finance programs that address nonpoint pollution in Hawaii.

Your Committee on Planning and Environment concurs with the intent and purpose of H.C.R. No. 332 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3039 Planning and Environment on H.C.R. No. 60

The purpose of this concurrent resolution is to direct the Natural Area Reserves Commission to aggressively implement the comprehensive strategic plan for the State Natural Area Reserves System.

The concurrent resolution directs the Commission, in cooperation with other agencies, to prepare a report on the progress to date for implementation of the plan, including a discussion of potential problems, solutions, additional protective mechanisms, funding requirements, and steps toward the reduction of ungulates within the reserves system and adjoining private lands.

Your Committee finds that most of the natural reserve areas are now suffering from serious management problems which threaten to permanently destroy or degrade the resources protected therein. This concurrent resolution will serve as a vital step towards preserving, for the benefit and enjoyment of future generations of Hawaii's citizens and visitors, the State Natural Area Reserves System, by hastening the implementation of the comprehensive strategic plan.

Your Committee on Planning and Environment concurs with the intent and purpose of H.C.R. No. 60, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3040 Business Development and Pacific Relations on H.C.R. No. 267

The purpose of this concurrent resolution is to request the Department of Business and Economic Development to study how it may further support the Hawaii fashion industry.

The people of Hawaii spend over \$1 billion a year on clothing, accessories, and jewelry. The fashion industry in Hawaii employs over 4,000 people and brings in more than \$33 million annually in exports. However, the California fashion industry is highly competitive with Hawaii's and produces many similar products.

In order to match such competition and to increase its share in the international market, it is vital that Hawaii's fashion industry increase its marketing efforts to attract tourists, strengthen its reputation as a viable business, and establish additional niches for other product lines. Therefore, it is requested that the Department of Business and Economic Development study Hawaii's fashion market and examine what further financial and export assistance and business counseling could be provided to the industry to promote overseas markets.

Further, the Department is also requested to study creating a "Hawaiian Aisle" at trade shows which would consist of blocks of booths enhanced with indigenous decorations, flowers, and music.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of H.C.R. No. 267, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Cobb, Aki, Menor and Ikeda.

SCRep. 3041 Business Development and Pacific Relations on H.C.R. No. 87

The purpose of this concurrent resolution is to request the Pacific International Center for High Technology Research (PICHTR) to convene a panel of distinguished island representatives to examine the exclusive economic zone (EEZ) needs of the American affiliated islands in the Pacific.

Hawaii's Congressional delegation is of the opinion that a master plan of scientific and technological research with respect to the exploration of the EEZ will result in a more effective use of federal funds which may be made available to the pursuit of this program. Furthermore, the Congressional delegation believes that the State of Hawaii is well-suited to serve as an EEZ planning and coordinating center. Thus, the delegation has suggested that the Center convene a high caliber panel representing relevant government, academia and private interests with a Pacific Ocean orientation to prepare a concise response to the major scientific and technological issues.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of H.C.R. No. 87, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Cobb, Aki, Menor and Ikeda.

SCRep. 3042 Culture, Arts and Historic Preservation on H.C.R. No. 76

The purpose of this concurrent resolution is to expand efforts to preserve, restore, and maintain historic Hawaiian sites on the neighbor islands.

This concurrent resolution encourages the Department of Land and Natural Resources to allocate additional manpower to hire staff archaeologists to conduct studies on each of the neighbor islands; urges the Department to consider the concept of disseminating important information on the State historic preservation program, including site files and survey and excavation reports to the department offices on the neighbor islands; and directs the Department to submit a progress report to the Legislature twenty days prior to the convening of the Regular Session of 1989.

The historic and cultural heritage of the State were declared by the Legislature to be among its important assets. It was further declared that it is in the public's interest to engage in a comprehensive program of historic preservation at all levels of government to promote the use and conservation of such historic and cultural property for the education, inspiration, pleasure, and enrichment of this State. Your Committee finds, however, that several problems currently prevent the State from adequately surveying and protecting these historic sites.

The development of a comprehensive program of historic preservation would be in the public's interest, and consistent with the objectives of the Constitution of the State of Hawaii, by adequately protecting important Hawaiian archaeological sites for the benefit of the people of this State.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of H.C.R. No. 76, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Hagino and Yamasaki.

SCRep. 3043 Culture, Arts and Historic Preservation on H.C.R. No. 243

The purpose of this concurrent resolution is to recommend nomination of Kealakekua Bay State Historical Park to the World Heritage List.

Kealakekua Bay was the residence of ruling chiefs. A collaboration of existing documentary evidence, land records, and oral histories for this area provides an historical glimpse into early Hawaiian culture. This unbroken history of the

changing profile of a Hawaiian community provides priceless information about the changing customs, land uses, agricultural practices, commerce, and society of a traditional coastal settlement.

Your Committee finds Kealakekua Bay to have the great historical and cultural significance to be recognized by the Convention Concerning the Protection of the World Cultural and Natural Heritage, which is a system of international cooperation, to recognize and protect cultural and natural properties of outstanding universal value to humanity.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of H.C.R. No. 243, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Hagino and Yamasaki.

SCRep. 3044 Consumer Protection and Commerce on H.C.R. No. 301

The purpose of this concurrent resolution is to request the Department of Commerce and Consumer Affairs to conduct an island by island study to determine what facilities, equipment, training, and operating expenses are currently being provided by the cable television industry for free community programming, including governmental and educational programming.

Your Committee finds that cable television has the capability of reaching thousands of residents with messages and information relating to community services provided by nonprofit groups which lack the financial resources to advertise. Therefore, it is appropriate and in the public interest to inventory existing community programming services to help determine the extent to which such programming is responsive to the needs of the community.

Your Committee has amended this 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 H.C.R. No. 301, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 301, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senators Blair, Aki and Tungpalan.

SCRep. 3045 (Joint) Consumer Protection and Commerce and Government Operations on H.C.R. No. 338

The purpose of this Concurrent Resolution is to urge Congress and the Securities and Exchange Commission (SEC) to exclude the resale of condominiums from federal securities laws.

In Hawaii, apartments have traditionally been resold by their owners solely as real estate through licensed brokers and salespersons, and state laws governing resale of real property have provided ample protection for buyers who believe that a misrepresentation or fraud has been perpetrated upon them. However, in *Hocking v. Dubois*, February 10, 1988, the United States Court of Appeals for the Ninth Circuit held that the resale of any apartment in a condominium project which has a rental pool involved the sale of security. The effect of this ruling is that it now appears that the whole body of securities law must be applied to situations in which they have never before been applied, creating severe problems for condominium owners, real estate brokers and salespersons, financial institutions which make mortgage loans secured by condominiums, and associations of apartment owners.

This Concurrent Resolution urges Congress and the SEC to amend the Securities Act of 1933 and the Securities Exchange Act of 1934 by adopting rules clarifying that resales of condominiums or other real estate along with their rental agreements are excluded from the definition of "security."

Your Committees find that it is appropriate to clarify the status of resales by owners of condominiums or other real property and attendant rental agreements under the securities laws.

Your Committees have corrected a typographical error in this Concurrent Resolution by changing the word "as" to "has" in the fifth "WHEREAS" clause.

Your Committees on Consumer Protection and Commerce and Government Operations concur with the intent and purpose of H.C.R. No. 338, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 338, S.D. 1.

Signed by all members of the Committees except Senator B. Kobayashi.

SCRep. 3046 Consumer Protection and Commerce on H.C.R. No. 244

The purpose of this concurrent resolution is to request the Insurance Commissioner to survey the insurance carriers who write homeowners' policies in the State to ascertain the number of such policies that have been written and then cancelled or not renewed subsequent to natural disasters. The survey would cover a period of time extending far enough back to give the Legislature a realistic picture of the extent of the cancellation or nonrenewal problem.

Homeowners whose insurance is cancelled or cut off after a natural disaster face huge financial burdens and even loss of the home. Your Committee has consistently advocated for equitable treatment of insureds by their insurers and finds that the fact that an insurance company has to pay off on a policy should be considered a normal risk and may not justify cancellation or nonrenewal. The information requested by this concurrent resolution will provide information necessary to determine whether legislative intervention is appropriate.

Your Committee on Consumer Protection and Commerce concurs with the intent and purpose of H.C.R. No. 244, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senator B. Kobayashi.

SCRep. 3047 Judiciary on H.C.R. No. 319

The purpose of this concurrent resolution is to acknowledge the week of April 17-23, 1988, as Victims' Rights' Week in Hawaii.

Your Committee finds that victims of crime, as well as their families, suffer the trauma and pain, and consequently suffer emotional side-effects caused by this experience.

Furthermore, the number of serious crimes committed against persons and property in Hawaii have dramatically risen to approximately 60,700 in 1986, including murder, negligent manslaughter, rape, robbery, aggravated assault, and burglary. Therefore, in recognition of their strength and courage, it is appropriate for the State to reaffirm its commitment to eliminating crime by supporting a Victims' Rights' Week.

Your Committee on Judiciary concurs with the intent and purpose of H.C.R. No. 319, and recommends its adoption.

Signed by all members of the Committee except Senators Menor, Cobb and Holt.

SCRep. 3048 Judiciary on Gov. Msg. Nos. 110, 111, 162, 223, 262, 263, 264, 265 and 312

Recommending that the Senate advise and consent to the nominations of the following:

JOSEPH N. KOBAYASHI to the Defender Council, for a term ending June 30, 1991;

MICHAEL F. LUXTON to the Juvenile Justice Interagency Board, for a term ending June 30, 1990;

HIROSHI SAKAI and ROBERT S. TOYOFUKU to the Commission to Promote Uniform Legislation, for terms ending June 30, 1992;

CLIFFORD L. NAKEA, LINDA A. SANTOS and JON RYOICHI ONO to the Juvenile Justice Interagency Board, for terms ending June 30, 1991;

ALAN S. HAYASHI to the Board of Registration, Island of Oahu, for a term ending June 30, 1992;

HELEN W. WEEKS to the Board of Registration, Island of Hawaii, for a term ending June 30, 1992;

GWEN ARRUDA to the Board of Registration, Kauai and Niihau, for a term ending June 30, 1992;

MALCOLM LEE DODSON to the Board of Registration, Maui, Molokai, Lanai, and Kahoolawe, for a term ending June 30, 1992;

GLENN W. TODD, RYAN E. JIMENEZ and MELVIN K. SOONG to the Criminal Justice Data Interagency Board, for terms ending June 30, 1992; and

DANIEL HEELY to the Criminal Justice Data Interagency Board, for a term ending June 30, 1989.

Signed by all members of the Committee except Senators Menor, Cobb, Holt and J. Wong.

SCRep. 3049 Housing, Hawaiian Programs and Natural Resources on H.C.R. No. 213

The purpose of this concurrent resolution is to request the Board of Land and Natural Resources to reserve state land located directly mauka of the University of Hawaii at Hilo, adjacent to Komohana Street, for future University use.

The concurrent resolution also requests that the University prepare a land use assessment prior to development of the site, including expansion of the current Research and Technology Park.

Your Committee received testimony in support of the concurrent resolution from the Department of Land and Natural Resources and the University of Hawaii at Hilo, and finds it would be in the best interest of the State to reserve a parcel of state land in close proximity to the Research and Technology Park. As the island of Hawaii diversifies its economic base in the high technology arena, there will be a demand for the use of the additional acreage, and the University will be able to respond to a wide variety of possibilities over a long term.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of H.C.R. No. 213, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senators Hagino and Yamasaki.

SCRep. 3050 Housing, Hawaiian Programs and Natural Resources on H.C.R. No. 63

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources to assess the water supply of residents in rural counties who are not served by county water systems.

Although providing residents with a dependable and adequate supply of drinking water is the responsibility of the County, many homes in rural areas of the neighbor islands are not served by county water systems because the low-density settlement patterns in many areas do not allow this service to be provided in a cost effective manner.

During periods of drought, rural residents are vulnerable to being without water for extended periods because of the limited capacity of their tanks and difficulty in being served by emergency water wagons.

Your Committee heard testimony in support of this concurrent resolution provided by Martin Vitousek, a specialist in Geophysics at the University of Hawaii, who expressed concern regarding the potential serious health risks caused by the acid rain problem on the island of Hawaii. Vitousek stated that anyone who is not treating their water to reduce its acidity is drinking water that contains:

- (1) Lead which effects children by reducing their IQ level; and
- (2) Sulfuric acid at a PH level of 3.5 which causes still births in laboratory mice.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of H.C.R. No. 63, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 3051 Housing, Hawaiian Programs and Natural Resources on H.C.R. No. 311

The purpose of this concurrent resolution is to request the Department of Business and Economic Development (DBED) to complete the feasibility study on practicing subsistence lifestyles in Hawaii by initiating and using the Molokai experience as a basis for developing statewide policies on traditional subsistence activities.

In 1984, a resolution was adopted requesting a feasibility study on setting aside lands to permit certain residents to practice a subsistence lifestyle. That study was never completed because of a lack of funding.

Your Committee finds that the continuation of this study would be an initial effort to improve the economy of Molokai, where the subsistence lifestyle is recognized as a major component of the islands economic stability. Your Committee further finds that the island of Molokai is an appropriate model to study firsthand the effects of subsistence activities as an accepted way of life.

Your Committee on Housing, Hawaiian Programs and Natural Resources concurs with the intent and purpose of H.C.R. No. 311, H.D. 1, and recommends its adoption.

Signed by all members of the Committee except Senator Yamasaki.

SCRep. 3052 Military and Civil Defense on H.C.R. No. 351

The purpose of this concurrent resolution is to request the U.S. Air Force to repair and replace bridges and to construct a jetty at Bellows Air Force Station to reduce flooding in Waimanalo.

The recent New Year's flooding caused substantial damage to Oahu, particularly in Waimanalo. A factor which contributed to the flooding in Waimanalo was that the flow of water in two streams inside Bellows Air Force Station was blocked by debris caught in bridge supports and by sand accumulation at the mouth of Inoaole Stream.

The U.S. Air Force has cooperated in the past with cleaning Waimanalo streams and is now actively working to protect Waimanalo by dredging and widening streams. The wooden bridge inside Bellows Air Force Station was badly damaged and should be replaced with a free-span bridge to prevent future debris collection and subsequent damming.

This concurrent resolution requests that the Air Force (1) rebuild the bridge at the entrance of Bellows Air Force Station to provide a larger aperture for the free flow of water, (2) replace the damaged bridge near the second guard shed with a free-span bridge to prevent debris from jamming, and (3) construct a coral rock jetty like the one at the mouth of Waimanalo Stream to prevent sand from blocking the mouth of Inoaole Stream.

Your Committee on Military and Civil Defense concurs with the intent and purpose of H.C.R. No. 351, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3053 Military and Civil Defense on H.C.R. No. 161

The purpose of this concurrent resolution is to request the Department of Defense of the State of Hawaii to report on ways in which the State can provide disaster assistance without jeopardizing FEMA (Federal Emergency Management Agency) and SBA (Small Business Administration) funds.

Recent floods in early 1988 destroyed many homes, illustrating the point that Hawaii's homeowners from time to time may need state assistance with rebuilding and major repair work. However, the availability of State disaster assistance funds could potentially have a detrimental effect on the availability of FEMA and SBA loans, and therefore it is appropriate to request the Department of Defense in Hawaii, which plays such a vital role in local disaster relief, to report on the possible adverse effects state disaster relief would have on the availability of FEMA and SBA assistance.

Your Committee received supporting testimony from the Department of Defense of the State of Hawaii.

Your Committee on Military and Civil Defense concurs with the intent and purpose of H.C.R. No. 161, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3054 Culture, Arts and Historic Preservation on H.C.R. No. 49

The purpose of this concurrent resolution is to recommend that:

- (1) State agencies investigate the possibility of consolidating their storage facilities for film and video materials;
- (2) Future moving image projects funded by the State include funds for preservation; and
- (3) A copy of any film or video, along with "out takes," raw footage, and relevant documents, be deposited in the central storage facility.

At the present time, the moving image materials owned by the State are scattered among the various state agencies. The storage facilities frequently are inadequate to meet the environmental needs of these delicate materials, including regulating the humidity, temperature, and light.

Your Committee finds from the testimony presented that videotape is of major concern for preservationists since the present shelf life under poor conditions is five years. Your Committee shares this concern since presently many of the cultural, artistic, and historical projects funded by the State are being videotaped and are irreplaceable projects.

Your Committee has amended the last two "BE IT FURTHER RESOLVED" clauses of this concurrent resolution to:

- (1) Clarify that this is a concurrent rather than a single-house resolution; and
- (2) Correct the title of the chairperson of the board of land and natural resources and the name of the department of human services.

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of H.C.R. No. 49, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 49, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senator Hagino.

SCRep. 3055 Culture, Arts and Historic Preservation on H.C.R. No. 50

The purpose of this concurrent resolution is to recommend that the State integrate film and video preservation through interagency procedures and direct the State's efforts to reduce overall costs in order, ultimately to serve a broader clientele.

Your Committee finds that staff with the technical and professional skills needed are available within our state agencies and can provide an excellent program of moving image materials preservation and public access to these materials. These staff resources are in need of integration, however, to reduce costs and enhance service to the public.

Your Committee further finds that the public would be better served by the various state agencies handling film and video resources if these agencies were to integrate their efforts at preservation and presentation of moving image materials. Your Committee also finds that this integration of staff resources ultimately may result in the ability to provide these services to a wider clientele for the services they are providing.

Your Committee has amended the last two "Be It Further Resolved" clauses of this concurrent resolution to:

- (1) Clarify that this is a concurrent rather than a single-house resolution; and
- (2) Correct the title of the chairperson of the board of land and natural resources and the name of the department of human services.

Your Committee on Culture, Arts, and Historic Preservation concurs with the intent and purpose of H.C.R. No. 50, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 50, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senators Hagino and Reed.

SCRep. 3056 Culture, Arts and Historic Preservation on H.C.R. No. 145

The purpose of this concurrent resolution is to emphasize the legislative intent to protect the Diamond Head State Monument from further development.

Your Committee finds that Diamond Head State Monument is a national natural landmark, which is in danger of being overdeveloped, and that it is imperative that the legislature set forth a clear and united position on preserving its aesthetic qualities, both interior and exterior. Your Committee expects the passage of H.B. 3041, which relates to Diamond Head, will also help to ensure that the beauty of Diamond Head is preserved.

Your Committee has amended the concurrent resolution by curing a typographical error, so that a reference to "stated policy" now properly reads "state policy."

Your Committee on Culture, Arts and Historic Preservation concurs with the intent and purpose of H.C.R. No. 145, H.D. 1, as amended herein, and recommends its adoption in the form attached hereto as H.C.R. No. 145, H.D. 1, S.D. 1.

Signed by all members of the Committee except Senators Hagino and Reed.

SCRep. 3057 Public Utilities on H.C.R. No. 241

The purpose of this concurrent resolution is to indicate concern that the adoption of local measured service for pricing local telephone calls could have serious adverse effects upon certain segments of society and upon the telephone system as a whole.

Your Committee on Public Utilities concurs with the intent and purpose of H.C.R. No. 241 and recommends its adoption.

Signed by all members of the Committee except Senator Chang.

SCRep. 3058 (Joint) Consumer Protection and Commerce and Judiciary on H.C.R. No. 324

The purpose of this concurrent resolution is to request the Insurance Division of the Department of Commerce and Consumer Affairs to update its recent study and to report on the impact of the tort reform measures enacted by the Legislature in 1986.

The Insurance Division would be assisted by the Medical Coalition for Tort Reform, Health Care Association of Hawaii, the Hawaii State Bar Association, the Hawaii Academy of Plaintiffs Attorneys, the Hawaii Insurance Council, and other appropriate parties. The study would focus on essays, reports, and other studies on the subject, an overview of the caseload of the Medical Claims Conciliation Panel, the practices, rates, and profitability of insurers in the State, and other relevant factors.

Your Committees find that controversy exists about the cost and availability of liability insurance, including medical malpractice insurance, and whether further legislative measures are needed to address the liability insurance crisis. This concurrent resolution will provide the Legislature with information needed to assess these issues.

Your Committees have amended this concurrent resolution by adding clarifying language to the second, third, and sixth "WHEREAS" clauses, and by making a technical change which has no substantive effect.

Your Committees on Consumer Protection and Commerce and Judiciary concur with the intent and purpose of H.C.R. No. 324, H.D. 1, as amended herein, and recommend its adoption in the form attached hereto as H.C.R. No. 324, H.D. 1, S.D. 1.

Signed by all members of the Committees.

SCRep. 3059 Agriculture, Energy and Ocean Resources on H.C.R. No. 11

The purpose of this concurrent resolution is to publish an annual update to the Compendium of State Ocean and Marine Policies.

The Department of Business and Economic Development presented testimony in support of the concurrent resolution, and your Committee finds that the Compendium produced by the Legislative Reference Bureau in 1987 has proven to be a valuable tool for Hawaii's ocean constituency. The update will be accomplished by the Hawaii Ocean and Marine Resources Council proposed for establishment under S.B. No. 2024, S.D. 1, H.D. 2, in the current legislative session.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 11, H.D. 2, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3060 Agriculture, Energy and Ocean Resources on H.C.R. No. 125

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources (DLNR), the University of Hawaii, and the National Marine Fisheries Service to conduct research related to optimizing the Hawaii tuna fishing industry.

The Department of Business and Economic Development (DBED), in cooperation with the DLNR, is also requested to prepare plans of action in support of the development and expansion of the industry. The plans of action, along with recommendations for legislative action are to be submitted to the Legislature at least twenty days before the convening of the Regular Session of 1989.

Tuna (ahi) is the most important commercial fish caught in Hawaii. Due to the underutilization of this resource, there is a pressing need to continue research to track tuna, identify areas of high abundance, and to gather information on the

biology, distribution, and patterns of movement in Hawaiian waters. There is also a need for an educational program to disseminate technical information to existing fishers and to encourage new fishers to enter the industry.

This concurrent resolution initiates research and plans of action on tuna and the industry to conserve and utilize this vital resource.

Your Committee received testimony from the DBED, the DLNR, and the Hawaii Institute of Marine Biology of the University of Hawaii in support of this concurrent resolution.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 125, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3061 Agriculture, Energy and Ocean Resources on H.C.R. No. 133

The purpose of this concurrent resolution is to request the Hawaii Congressional Delegation to support the inclusion of tuna in the Magnuson Act.

Tuna were originally excluded from the provisions of the Magnuson Act to provide access to traditional fishing grounds of other countries under the contention that tuna is a pelagic species. However, this rationale has been weakened since the majority of nations have established Exclusive Economic Zone's for themselves and have insisted that tuna are subject to their jurisdiction. Inclusion of tuna under the Magnuson Act would bring U.S. policy into line with the rest of the world and provide security and growth potential for our tuna industry.

Your Committee received favorable testimonies from the Department of Land and Natural Resources, the Western Pacific Regional Fishery Management Council, and James W. Sutherland, Chairman of the Pelagics Advisory Subcommittee. Supporting testimony was also submitted by "Little" John Maynard, a commercial fisherman.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 133 and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3062 Agriculture, Energy and Ocean Resources on H.C.R. No. 152

The purpose of this concurrent resolution is to request the Governor's Agriculture Coordinating Committee to develop, in cooperation with the United States Department of Agriculture, a control program to prevent and also to alleviate damages to crops caused by bulbuls and other potential pest birds on Oahu.

Red-vented and red-whiskered bulbuls are currently found only on the island of Oahu, but the damage they cause to fruit and flower crops on Oahu is significant and costly, and there is concern that the bulbuls may migrate to the neighbor islands. The potential harm is so severe that the Department of Agriculture has included all species on its "prohibited entry" list and federal regulations prohibit all bulbuls from entry into the United States.

Your Committee received supporting testimony from the Chairperson of the Board of Agriculture, the College of Tropical Agriculture and Human Resources, University of Hawaii, the Environmental Center, University of Hawaii, the Hawaii Farm Bureau Federation, and the Chairman of the Governor's Agriculture Coordinating Committee, and finds that there is currently no state policy or plan to address the bulbul problem. Development of a control program would therefore be appropriate and in the public interest.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 152, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3063 Agriculture, Energy and Ocean Resources on H.C.R. No. 169

The purpose of this concurrent resolution is to request the Department of Land and Natural Resources to conduct a feasibility study to determine whether water resources from the Lualualei Shaft (a water supply tunnel), Waianae, Oahu, could be developed by the state government and made available for use by farmers in the area.

This concurrent resolution further directs the Department to evaluate the potential impact of development of the Lualualei Shaft supply on all agricultural water users in the Waianae area and to report its findings to the Legislature twenty days prior to the convening of the Regular Session of 1989.

Testimonies in support of this concurrent resolution were received from the Department of Land and Natural Resources and from the Hawaii Farm Bureau Federation.

The supply and cost of water to Waianae coast farmers are limiting factors to the expansion of agriculture and to providing an adequate financial return to the farmers. The Lualualei Shaft water tunnel is a potential source of nonpotable, but agriculturally acceptable water, which is presently not used and has no other contemplated uses.

Your Committee finds that a feasibility study into the development of the Lualualei Tunnel water for use by Waianae farmers is in the public interest and could assist the State in meeting its agriculture goals and objectives.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 169, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3064 Agriculture, Energy and Ocean Resources on H.C.R. No. 208

The purpose of this concurrent resolution is to study the feasibility of expanding the Hawaii Ocean Center concept by including major ocean exhibits and displays in the actual marine environment.

The people of Hawaii traditionally have had a close relationship with the ocean and today it offers unique opportunities for recreation, transportation, food, energy, and mineral mining. To help gain an even better understanding of the ocean, planning is now underway for a Hawaii Ocean Center to provide high quality research and to inform visitors about the significance of the ocean's role in Hawaii's past, present, and future.

The Ocean Center is planned to be a unique showcase, incorporating our rich, tropical ocean environment which cannot be duplicated elsewhere. One concept is a submerged observatory to view actual marine environment. This would require siting on the coast, perhaps at Makapuu or at Hanauma Bay.

As many questions are still unanswered, it is imperative that the Office of State Planning conduct a feasibility study to examine:

- (1) Additional criteria unique to submerged observatories, including seasonal wave action and turbulence, ocean currents, water quality and visibility, and existing marine life;
- (2) Legal issues involved with submerging an observatory which would permit visitors to have direct ocean visibility;
- (3) Other state-of-the-art submerged observatories currently in operation;
- (4) Displaying submerged exhibits, artificial reefs, floating net pens and cage culture, fish aggregate devices, and underwater robotics;
- (5) Designating a portion of the ocean as a Marine Life Conservation District to be incorporated into the Ocean Center;
- (6) Recruiting corporate sponsors to serve as concessionaires and to reduce operating costs; and
- (7) Identifying and reviewing potential coastal sites for siting the Ocean Center.

Your Committee on Agriculture, Energy and Ocean Resources concurs with the intent and purpose of H.C.R. No. 208, H.D. 1, and recommends its adoption.

Signed by all members of the Committee.

SCRep. 3065 Business Development and Pacific Relations on S.R. No. 141

The purpose of this resolution is to request that the Legislative Reference Bureau study the impact of increasing foreign investment in Hawaii, particularly with regard to residential property; to review the laws in other states placing limitations on foreign investment; and to recommend, if feasible, legislation in Hawaii.

The resolution addresses the public concern over the recent increase in foreign investment which arguably has had an adverse impact on residential property taxes, and may have a potentially deleterious effect on the State as residents may be excluded from certain foreign-owned facilities or employment in managerial positions.

Your Committee believes that a broader scope of the study would be more effective in determining the impact of foreign investment on the State. Thus, your Committee has amended the resolution by urging the study of the pattern of foreign investments in the United States in order to determine the scope and characteristic of foreign investment in the western region of the United States and its significance to local economies.

The resolution, as amended, notes that foreign investment has been a significant factor in domestic economic development by making important contributions to employment, income and revenues, additional goods and services, and technology and competition. However, along with the many benefits, there are also a number of problems which have been associated to large amounts of foreign investment such as problems associated with absentee owners, skyrocketing land and rent costs, loss of control of domestic economic destiny, and dependence on foreign investors.

Your Committee finds that the Western Legislative Conference (WLC) of the Council of State Governments (CSG) is the appropriate organization to conduct the study in its broader scope, and has amended the resolution accordingly.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.R. No. 141, as amended herein, and recommends that it be referred to the Committee on Legislative Management in the form attached hereto as S.R. No. 141, S.D. 1.

Signed by all members of the Committee.

SCRep. 3066 Business Development and Pacific Relations on S.R. No. 204

The purpose of this resolution is to request that a study be conducted to determine the economic and social impact of the influx of foreign investments on real property, condominiums, hotels, and golf courses.

Currently, foreign investments are not required to be reported. Thus, the Department of Business and Economic Development and the Department of Commerce and Consumer Affairs do not have any comprehensive data regarding foreign investments. However, it is known that foreign investors have concentrated primarily on real property, condominiums, hotels, and golf courses, rather than investments such as science and education, agriculture, retailing, wholesaling, and manufacturing, which have a broader economic impact on the overall welfare of the State.

In fact, according to the 1986 State Data Book, the estimated cumulated investments from 1959 to 1986 are as follows:

Agriculture	0.04%
Banks	1.43%
Condominiums	20.50%
Golf courses	3.40%
Hotels	28.50%
Manufacturing	0.74%
Other real estate	34.30%
Restaurants	0.63%
Retailing and Wholesaling	2.68%
Science and Education	2.08%
Miscellaneous	5.67%

Your Committee finds that it is necessary to measure the impact of foreign investments on Hawaii's homeowners and businesses, considering the dramatic increase in the amount of real property purchased by foreign investors.

Your Committee has amended the resolution by:

- (1) Changing the title to read: "SENATE RESOLUTION REQUESTING A STUDY OF FOREIGN INVESTMENTS IN REAL PROPERTY AND ITS IMPACT ON THE STATE.";
- (2) Deleting the first, second, ninth, tenth, and eleventh "WHEREAS" clauses; and deleting the second and fourth "BE IT RESOLVED" clauses;
- (3) Requesting that the Hawaii Real Estate Research and Education Center, within the College of Business Administration at the University of Hawaii conduct the study, rather than the Department of Business and Economic Development;
- (4) Having certified copies of the resolution transmitted to the Director of the Hawaii Real Estate Research and Education Center; and
- (5) Making technical changes which have no substantive effect.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.R. No. 204, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 204, S.D. 1.

Signed by all members of the Committee.

SCRep. 3067 Business Development and Pacific Relations on S.R. No. 221

The purpose of this resolution is to request the Department of Business and Economic Development to conduct a study for planning and site selection for a farmers' market in Kona.

Until recently, local Kona farmers and artisans had a location to sell and display their produce and arts and crafts to visitors and residents. The popularity of the market generated enough interest to make it a full-time operation. However, the vendors have been forced to move from the land.

Your Committee finds that funding for planning and site selection for a farmer's market has already been incorporated into the capital improvement budget for West Hawaii to be expended by the Governor's Agriculture Coordinating Committee. However, there is no prospective site for the artisan vendors. Your Committee has therefore amended the resolution by:

- (1) Changing the title to read: "SENATE RESOLUTION REQUESTING A STUDY TO PLAN FOR AND SELECT A SITE FOR AN ARTISAN'S MARKET FOR KONA.";
- (2) Deleting references to agriculture or the need for a farmer's market; and requesting that the study be conducted to plan for and select a site for an artisan's market, rather than a farmer's market for Kona; and
- (3) Requesting the County of Hawaii, rather than the Department of Business and Economic Development, to conduct the study.

Your Committee on Business Development and Pacific Relations concurs with the intent and purpose of S.R. No. 221, as amended herein, and recommends its adoption in the form attached hereto as S.R. No. 221, S.D. 1.

Signed by all members of the Committee.